ANNUAL REPORT 2011

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23.02.2012	PRELIMINARY ANNUAL RESULT 2011
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History

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

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

Since 1999, the Group has acquired substantial interests in various domestic and international enterprises. Late in 2003 the Group acquired all the shares in Lerøy Midnor AS and bought Lerøy Aurora AS in 2005. The companies Lerøy Fossen AS and Lerøy Hydrotech AS were acquired in 2006, whereas Lerøy Vest AS was acquired in 2007. In 2010 the Group continued expanding its aquaculture activities by acquiring 50.71 % of the company Sjøtroll Havbruk AS. The Group's investments in downstream activities over this period have established the Group as a national and international processor and distributor of fresh fish. Because of these investments over the last ten years, the Group has now developed into a totally integrated seafood group with a solid foundation for further development. At the end of 2011 the Group had 1,865 employees.

Up to 1997, the Group was a traditional family company. In 1997, a private placing with financial investors was carried out for the first time. In connection with this placing in 1997, the company was reorganised as a public limited company. The company was listed on the stock exchange in June 2002. Since then, the company has introduced several stock issues, most recently in March 2007. The availability of capital has been an essential ingredient in the Group's development from a seafood exporter to a totally integrated seafood group. Stock exchange listing of the parent company Lerøy Seafood Group ASA provides access to capital and, in selected cases, the shares are used as payment in kind in connection with acquisitions, most recently with the acquisition of shares in Sjøtroll Havbruk AS in 2010. At the beginning of 2012, the Group is well situated to further strengthen its position as a central actor in the international seafood industry.

Sliced «pepper» salmon.

KEY FIGURES

Figures in NOK 1,000

	2011	2010	2009
Operating revenues	**9 176 873**	8 887 671	7 473 807
Depreciation	**271 899**	219 624	204 007
Operating profit before fair value adjustment on biological assets	**1 212 898**	1 586 249	950 156
Profit before tax and fair value adjustment on biological assets	**1 183 314**	1 623 307	943 550
Profit before tax and fair value adjustment on biological assets	**1 027 003**	1 112 355	686 413
Earnings per share before fair value adjustment on biological assets	**15.13**	22.08	12.80
Diluted earnings per share before fair value adjustment on biological assets	**15.13**	22.07	12.80
Proposed dividend distribution per share	**7.00**	10.00	7.00
Net interest bearing debt 31.12	**1 592 914**	1 298 727	1 442 823
Equity ratio	**50.6%**	52.8%	51.8%
ROCE before fair value adjustment on biological assets	**17.9%**	27.5%	18.1%

Important strategic events the last 10 years

2001	Investment in Egersund Fisk AS
2001	Investment in Scottish Sea Farms Ltd
2001	Investment in distribution in Sweden (Lerøy Sverige AB)
2002	Infusion of capital
2002	Listing on the stock exchange
2002	Investment in smoking company in Sweden (Lerøy Smøgen Seafood AB)
2003	Acquisition of Lerøy Midnor AS
2003	Infusion of capital
2004	Acquisition of 60% of shares in Portnor Lda (now Lerøy Portugal)
2004	Acquisition of fish farming capacity in Mid-Norway
2005	Partnership with Alarko Holding in Turkey
2005	Infusion of capital
2005	Acquisition of Lerøy Aurora Group
2005	Acquisition of Laksefjord AS
2005	Investment in distribution in Norway and Sweden
2005	Bulandet Fiskeindustri AS included in group structure
2006	Investments resulting in nation-wide distribution of fresh fish
2006	Acquisition of Lerøy Fossen AS
2006	Infusion of capital
2006	Acquisition of Bjørsvik Settefisk AS
2006	Purchase of 100% of shares in Lerøy Hydrotech AS
2007	Infusion of capital
2007	Purchase of 100% of shares in Lerøy Vest AS
2007	Sale of the 38.3% block of shares in Egersund Fisk AS
2008	Purchase of two licenses in Mid-Norway and one license in Northern Norway
2008	Austevoll Seafood ASA increased its ownership in Lerøy Seafood Group ASA from 33.34% to 74.93% through a mandatory offer
2009	Austevoll Seafood ASA reduces its ownership in Lerøy Seafood Group ASA from 74.93% to 63.73%
2009	Increased ownership in Bulandet Fiskeindustri AS from 53.2% to 66.3%
2010	Purchase of 50.71% of shares in Sjøtroll Havbruk AS
2011	Purchase of 51.0% of shares in Jokisen Eväät OY, later same year the ownership increased to 68.0%

Annual statement by the Group CEO

The Group can report yet another successful year on a challenging market
In terms of profit figure, 2011 will go down in Lerøy Seafood Group's history books as the second best ever achieved. We recorded an impressive operating profit before biomass adjustment of NOK 1.2 billion. We have managed to sustain a positive rate of growth for the past two decades, and total sales in 2011 amounted to NOK 9.2 billion. It really is an impressive achievement to sustain such growth, despite the fall in prices for our main product, Atlantic salmon and trout.

I would like to take this opportunity to offer my sincere thanks to all our employees who have helped us realise such a positive development, and I look forward to the future where we can continue to generate growth and positive results together with all the companies and employees in the Group. We could not have a better starting point for the year ahead.

In 2011, the Group produced a total of 147,600 tons of salmon and trout (in Norway and Scotland), constituting an increase of 13.3% from 2010. As such, we have further reinforced our position as the second largest producer of salmon and trout in the world. In November 2010, we signed an agreement for the purchase of 50.7% of the shares in Sjøtroll Havbruk. With a total production of 22,500 tons in 2011, Sjøtroll Havbruk is one of the largest producers of salmon and trout in the region of Hordaland. Last year was the first entire year of operations for Sjøtroll Havbruk as part of the Group, and it did not take long for us to note the synergy effects provided by the collaboration between Lerøy Vest and Sjøtroll Havbruk. We are confident that as the level of collaboration between these two companies increases, they will both gain added benefits and grow stronger as they face future challenges together. With production of 60,000 tons in South/West Norway, 60,000 tons in Central Norway and 20,000 tons in North Norway, the Group has achieved a unique position within the Norwegian fish farming industry. Our regional dispersion is extremely important in securing flexible deliveries and lower biological risk.

Environmental protection is a high priority for Lerøy Seafood Group. All production of food has an impact on the environment, albeit to a varying degree. The production of salmon and trout is an efficient and sustainable process with a low impact on the environment, when compared with meat, chicken and other food production. Lerøy Seafood Group has established a target to take a pioneering role within the development of sustainable seafood production. We have a close working relationship with the authorities and other organisations within the industry in relation to the environment. As an industry, we have to join forces to improve matters for the environment, while ensuring the same improvements within our individual companies.

Having a good strategy for and approach to environmental protection equals good economy. We live off our marine resources and are responsible for making sure that we can continue to do so in the future. We must assume a long-term perspective and set aside goals for short-term profits.

We shall deliver a product in which we can take pride, and we shall be confident that our activities do not harm the environment. For more detailed information on our environmental work, please visit our website at www.leroy.no.

2011 has been a difficult year for the fish farming industry, with significant fluctuations in prices. In the first half of the year, prices reached a record high, but then took a downward curve in the second half of the year. The price difference in total was from the record high of NOK 45 per kg to NOK 18 per kg in the second half of the year. This provides some indication of the unpredictable nature of our industry. 2009, 2010 and the first half of 2011 were all marked by a negative growth in the global supply of salmon. When combined with an increased demand for our product, prices reached record highs during this period. However, a substantial increase in supply both in Norway and worldwide in the second half of 2011 resulted in a dramatic fall in prices. In total for 2011, the growth in global supply was 12.3% (6.5% in Norway and 71.3% in Chile). On the whole, the entire growth in supply emerged during the second half of the year, and it took some time for the market to adapt to the increased supply.

The low prices in the second half have paved the way for an extremely strong development in sales in a number of markets. This is particularly evident in countries such as Russia and Japan where reports show a sales increase of 24% and 30% respectively. The increase in sales for other/new markets was 19%. This development is mainly attributed to the low level of contracts in these markets. As a result, the consumer benefits more rapidly from price reductions. Lower prices for consumers trigger an immediate increase in demand, and we expect this to become evident in well-established markets such as France, Germany and the UK. Moreover, salmon is a reasonably priced product when compared with other sources of protein such as chicken and meat. As such, we have a strong position with which to achieve sustained growth in demand in the future and good salmon prices on the whole.

2011 has been a turbulent year for many European countries. Greece, Italy, Spain and Portugal, for example, have been subject to escalating financial difficulties. This situation has had and may continue to have an impact on our growth on these markets. It is important to maintain a selective approach and ensure that we work with the right customers at all times.

2012 will also be a difficult year, with expectations of a global increase in demand of as much as 16.0%. In order to meet this, we will need a strong sales organisation with the capacity to further develop new and well-established markets and segments.

The Sales & Distribution unit in Lerøy Seafood Group has an excellent reputation, leading the way in market developments for seafood both at home and abroad for more than a century. In 2011, the Group embarked on two exciting, strategic investments in Finland and Holland.

Jokisen Eväät OY is a leading importer and distributor of fresh salmon and seafood in Finland. The company reported operating revenues of EUR 19.1 million in 2011 and had a total of 32 employees. With the current market situation of rapid growth, Lerøy Jokisen (68% shareholding) is an exciting company with vast potential within sales and distribution.

We have great expectations for the future of this company.

Lerøy Seafood Group ASA has aquired 50.1% of the shares in Rode Beheer BV in Holland. Rode is one of the leading processors of seafood in Holland, and is involved in high volume production of smoked, marinated and fresh packaged products in addition to frozen products based on salmon from Norway. With its well-established customer network comprising European grocery chains, in-flight catering services and production for the catering industry, Rode is perfectly suited to Lerøy Seafood Group's strategy for further development of the Group's global sales network. In 2011, the company reported operating revenues of EUR 51.1 million. The company has 87 employees and is located in the town of Urk.

The acquisitions of Rode and Jokisen are important steps forward in the further development of Lerøy Seafood Group's market strategy, which requires investments in independent local units with central locations in important seafood markets. Market proximity allows for major flexibility and for a high level of service for the Group's customers. Rode has a central location and is well-suited as a supplier of high-quality seafood to customers in important markets such as the Benelux countries, Germany and France. The acquisitions will also supplement the product range currently available to our well-established sales and distribution network in Europe.

With facilities in Norway, Sweden, Turkey and now also Holland, Lerøy Seafood Group has consolidated its position as a significant supplier of smoked and cured products, with a total capacity exceeding 12,000 tons of finished goods. The Group's network of processing plants, at home and abroad, will have an annual requirement for raw materials of more than 60,000 tons of salmon and trout.

In 2011, Lerøy Seafood Group produced a total of 147,600 tons (gutted whole fish) of salmon and trout in Norway and Scotland.

With the new acquisitions, the Group will have sales/distribution and production facilities in Norway, Sweden, Finland, Turkey, Holland, France, the UK, Portugal, USA, Japan and China. Our strategy for the year to come is to further develop our level of activities on new markets in order to achieve an even stronger position.

One seafood category which has achieved a very high rate of growth on a global scale is Sushi and Sashimi. We have recorded an impressive development in a number of countries, and are confident that this development will continue in the years to come. Sushi is a trendy product and perfectly suited to the busy lives of modern-day families. Sushi sold in shops has seen a vast growth, with Norwegians purchasing 60% more Sushi from grocery stores in 2011 than in 2010. This category has a huge potential which we and the seafood industry must exploit

I would like to close by thanking all our employees, customers, suppliers and other partners for a successful year, and look very much forward to working with you all in the year ahead.

Henning Beltestad
Chief Executive Officer
Lerøy Seafood Group

Delicious fish soup made from Lerøy's mix of diced cod, pollock and salmon.

Corporate Governance

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

The Group's corporate governance is based on the recommendations of the Norwegian Code of Practice for Corporate Governance (NUES), dated 21 October 2010. The structure of this chapter has been amended to reflect the Code of Practice and, for the sake of order, each topic in the Code of Practice has been included here. Any deviations have been explained.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

Deviations from the Code of Practice: None

2. ACTIVITIES

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

Deviations from the Code of Practice: None

3. EQUITY AND DIVIDENDS

Technical information

As of 31 December 2011, Lerøy Seafood Group ASA had 54,577,368 shares, each with a face value of NOK 1. The number of shareholders as per 31 December 2011 was 1,804 of whom 167 were foreign shareholders. The company's register of shareholders, cf. section 4-4 of the Public Limited Companies Act (Norway), was registered with the Norwegian Central Securities Depository (Verdipapirsentralen – VPS) on 28 November 1997 and carries the VPS registration number ISIN NO-000-3096208. DnB NOR Bank ASA, Oslo, is the account manager. The share's Ticker code on the Oslo Stock Exchange's main list is LSG. The company's enterprise number in the Register of Business Enterprises is 975 350 940.

Equity

The Group is financially sound with book equity of NOK 5,798 million as of 31 December 2011, which corresponds to an equity ratio of 50.6%. At the end of 2011, the company had 54,577,368 shares outstanding. All shares carry the same rights in the company. As of 31 December 2011, the company owned 329,776 of its own shares.

Financial goals:

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

Dividends

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

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

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

Despite the good results achieved in 2011, the year has presented a number of challenges for the fish farming industry, with significantly lower prices during the second half of the year. Despite the variation in salmon prices, the Group firmly intends to follow its strategy for sustained value creation by improving operations and achieving strategic business development. The Board of Directors has recommended a dividend of NOK 7.00 per share. The recommended dividend distribution for the year of NOK 7.00 per share is in line with the company's traditional dividend policy.

Mandates granted to the Board of Directors

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

Mandate for the Board to purchase own shares

The first time the Board was authorised to acquire the company's own shares was at the ordinary general meeting on 12 May 2000. This mandate has subsequently been renewed, most recently at the ordinary general meeting on 25 May 2011, and is to remain valid for 18 months from the date on which the resolution was adopted. The mandate was exercised in 2011 when the Board of Directors purchased 100,000 own shares. An extension of the mandate will be recommended to the ordinary general meeting on 23 May 2012. As of 31 December 2011, the company owned 329,776 of its own shares.

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

The Board is authorised to increase the share capital by up to NOK 1,200,000 by issuing up to 1,200,000 shares, each with a face value of NOK 1 through one or more private placings with employees of Lerøy Seafood Group ASA and its subsidiaries. The Board's mandate must be seen in light of the company's established option programme, see below. This type of mandate was first established by the extraordinary general meeting on 10 December 1997 and has subsequently been renewed, most recently by the ordinary general meeting on 25 May 2011. The mandate is valid for two years from the time the resolution was adopted. An extension of the mandate will be recommended to the general meeting on 23 May 2012. The mandate was not exercised in 2011.

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

The Board has a mandate to increase the share capital by up to NOK 5,000,000 by issuing up to 5,000,000 shares in Lerøy Seafood Group ASA, each with a face value of NOK 1, through one or more private placings with the company's shareholders and/or external investors. This type of mandate was first established by the ordinary general meeting of 4 May 1999 and subsequently renewed by the ordinary general meeting on 25 May 2011. The Board has not exercised this mandate in 2011. It will be recommended that an equivalent mandate be approved by the ordinary general meeting on 23 May 2012.

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

Deviations from the Code of Practice: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Class of shares

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

Equal treatment of shareholders and transactions with close associates

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

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

Should such transactions occur, they shall be documented and executed according to the arm´s length principle.

If enterprises with associations to board members perform work for the company's Board, the question of independence is treated specifically by the Board.

Deviations from the Code of Practice: None

5. FREELY NEGOTIABLE SHARES

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

Deviations from the Code of Practice: None

6. GENERAL MEETINGS

Notice of general meetings

Lerøy Seafood Group ASA held its ordinary general meeting in the company's main office at Bontelabo, Bergen on Wednesday 25 May 2011. The notice of the meeting with a proposed agenda, meeting slip and proxy form were distributed to all shareholders with a registered address 3 weeks prior to the date of the general meeting. The notice of the general meeting was formatted in accordance with the requirements of the Public Companies Act in Norway and the regulation relating to general meetings which governs the requirements for content and availability of supporting information.

Pursuant to article 6 of the company's Articles of Association, all documents to be discussed during the general meeting were made available on the company's website www.leroy.no. This information was published on the website 21 days prior to the date of the general meeting. The supporting information was sufficiently detailed and comprehensive to allow the shareholders to form a view on all matters to be considered at the meeting. The deadline for registration of participation was set for the day prior to the general meeting. Prior to distribution of the notice of the general meeting, the Board of Directors and meeting chairperson had performed a quality control of the procedures for registration and voting, and the proxy form for participation and voting on behalf of other shareholders.

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

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

Participation by proxy

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

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

In 2011, no extraordinary general meetings were held.

Deviations from the Code of Practice: None

7. NOMINATION COMMITTEE

The ordinary general meeting on 25 May 2005 voted to change Article 5 of the company's Articles of Association to give the company a permanent nomination committee consisting of three members elected by the general meeting for a period of two years. The company's nomination committee is charged with preparing

Cuts from Lerøy's advertising film. Broadcast on TV to launch the new range of sliced salmon sandwich fillings. Healthy, delicious and simple!

suggestions for the composition of an owner-elected Board of Directors and to submit recommendations to the general meeting for appointments to the Board. At present, the nomination committee members are Didrik Munch (chairman), Helge Møgster and Benedicte Schilbred Fasmer.

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

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

Deviations from the Code of Practice: None

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

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

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

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

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

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

Information on the members of the board
Chairman of the Board, **Helge Singelstad** (1963), was appointed to the Board by the extraordinary general meeting on 26 November 2009. Helge Singelstad holds a degree in computer engineering, a degree in Business Administration from

the Norwegian School of Economics and Administration (NHH) and a 1st degree of law from the University of Bergen. Helge Singelstad was previously CEO, Vice CEO and CFO of Lerøy Seafood Group over a number of years. Consequently, he has broad knowledge of the Group and the industry. Helge Singelstad is Chairman of Austevoll Seafood ASA and Member of the Board of DOF ASA. He is the Managing Director of Laco AS. Laco AS is a majority shareholder of Austevoll Seafood ASA. Helge Singelstad owns no shares or options in Lerøy Seafood Group ASA as per 31 December 2011, but as a shareholder in Austevoll Seafood ASA he indirectly owns shares in the Group.

Board member **Fons Brusselmans** (1950) has been a member of the Board since the 1998 ordinary general meeting. Fons Brusselmans is a graduate in business economics from the Norwegian School of Management (BI). He has held management positions in international service industries for a number of years. In addition, he has broad experience in working on the boards of international commercial enterprises. As of 31 December 2011, Fons Brusselmans and related parties owned 3,800 shares in the company.

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

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

Board member **Hege Charlotte Bakken** (1973) was appointed to the Board by the extraordinary general meeting on 12 December 2008. Hege Charlotte Bakken has an MSc degree from the Norwegian University of Life Sciences and an Executive MBA from ESCP EAP European school of Management. She is currently the COO in Marvesa Holding NV, previously Managing Director of Marvesa Rotterdam N.V. Among other areas, Bakken has previous experience from Pronova BioPharma Norge AS, FishMarket International AS, FrioNor AS, and Norway Seafoods ASA. Hege Charlotte Bakken has also served as board member for Pronova Biopharma Norge AS and Pronova BioPharma ASA. She owns no shares in the company as per 31 December 2011.

Board Member **Hans Petter Vestre** (1966) was appointed to the Board as the employees' representative at the ordinary general meeting on 24 April 1995. Hans Petter Vestre is a graduate of the Norwegian College of Fishery, University of Tromsø. He was employed by Hallvard Lerøy AS as sales manager in 1992 and is today departmental head in Hallvard Lerøy AS. Hans Petter Vestre owned 120 shares in the company as of 31 December 2011.

The Group structure, with autonomous units in different regions, is supervised through participation by Group staff in the administrative bodies in the various companies. Also the employees, through their representatives on the boards of the subsidiaries, contribute to satisfactory

In 2011, Lerøy Seafood Group signed a cooperation agreement with the Norwegian Skating Association, and is looking forward to following the progress of so many young and talented skaters in the future. The Norwegian skaters, represented by Sverre Lunde Pedersen (in front), Kristian Reistad Fredriksen (back left) and Håvard Holmefjord Lorentzen (back right).

operational development. The Board has not elected a vice chairman and so far the Chairman of the Board has always been present. In case of his absence, the Board will make satisfactory arrangements for chairing the meeting.

Encouraging the board members to own shares in the company

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

Deviations from the Code of Practice: None

9. THE WORK OF THE BOARD OF DIRECTORS

Work of the Board of Directors

For several years, as well as in its seven meetings in 2011, the Board has maintained a particular focus on the connection between practical operations and strategic business development. The Board and company management has since 1997 worked purposefully to develop the Group into a wholly integrated leading and profitable seafood group. This work has for a considerable time been carried out in accordance with our public announcements. In this respect, reference is made to the «Purpose of Share Distribution» described in the prospectus issued for the registration on the Oslo Stock Exchange in June 2002: «With this share issue the company wants to secure active future participation in the restructuring and internationalization taking place in the industry. Consequently, in order to capitalise on past performance and to be in position for future earnings, the Lerøy Seafood Group will assess possible acquisition and merger alternatives as well as possible alliances that may enhance the basis for further profitable growth». The Board's work reflects this strategy and the results are shown through management implementation.

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

Instructions for the Board of Directors and management

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

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

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

Board committees

Audit committee

Pursuant to section 6-41 (1) of the Norwegian Public Companies Act, companies listed on the stock exchange are obliged to establish an audit committee which prepares cases for and provides advice to the Board of Directors. Lerøy Seafood Group ASA's audit committee consists of Fons Brusselmans (chairman) and Britt Kathrine Drivenes. The audit committee reports to the Chairman of the Board. The audit committee conducts quality assurance of internal control and reporting. It is also responsible for the Board of Directors' dialogue with and monitoring of the external auditor. The audit committee held three meetings in 2011.

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

Assessments of the Board's work

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

Deviations from the Code of Practice: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control

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

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

Operating risk

The Group's fish farms are located in relatively open seas which provide the best conditions for fish farming in terms of the environment and fish health. However, this places significant demands on both personnel and equipment. The production plants are continuously subjected to the forces of nature, representing a certain risk of damage to equipment which, in turn, may result in fish escaping. The company lost fish in this way in 2011 but has a goal for zero escape as this goal is considered to be attainable. Furthermore, keeping animals in intensive cultures will always represent the risk of diseases. Fish are particularly vulnerable to diseases when they start life at sea, as they are exposed to stress during this period and have to adapt to a completely new environment. The risk of diseases can be reduced by ensuring high quality smolt, vaccinations, good conditions and the correct locations for the fish. More recently, the industry has become increasingly interested in sustainable fish feed.

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

Market risk

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

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

Currency risk

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

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

Interest rate risk
The Group's long-term liabilities are mainly based upon agreements for floating rates of interest, representing exposure to increases in the market interest rate. In 2011, a 10-year interest swap agreement was entered into in order to obtain a fixed rate of interest for a share of the Group's long-term liabilities.

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

Review by the Board of Directors
A significant volume of the work of the Board of Directors is ensuring that the company management is familiar with and understands the Group's risk areas and that risk is managed by means of appropriate internal control. Frequent valuations and assessments are conducted of both the management's and Board's understanding of risk and internal control. The audit committee plays an important role in these valuations and assessments.

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

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

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

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

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

The audit committee shall monitor the process of financial reporting and ensure that the Group's internal control and risk management systems function efficiently. The audit committee shall also ensure that the Group has an independent and efficient external auditor.
The financial statements for all companies in the Group are audited by an external auditor, within the framework established in international standards for auditing and quality control.

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

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

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

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

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

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

Reviews by the audit committee, Board and general meeting
The audit committee and Board review the Group's financial reports on a quarterly basis. During such reviews, the audit committee has discussions with the management and external auditor. At least once a

year, the Board holds a meeting with the external auditor, without the presence of the administration.

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

Information and communications

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

Monitoring

Reporting entities

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

Group level

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

External auditor

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

The Board of Directors

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

Deviations from the Code of Practice: None

11. REMUNERATION OF THE BOARD OF DIRECTORS

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

Remuneration of the Chairman of the Board and other board members is proposed by the nomination committee and adopted by the general meeting. During the general meeting on 25 May 2011, remuneration of the Board of Directors was adopted as follows: Annual remuneration of the Chairman of the Board, NOK 350,000. Annual remuneration of the other board members, NOK 175,000. However, no remuneration is paid to the Chairman of the Board which represents a duty to report. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees from the Group's leading company, Laco AS, where the Chairman of the Board is an employee.

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

Deviations from the Code of Practice: None

12. REMUNERATION OF EXECUTIVE PERSONNEL

This point is referred to in the Chapter regarding the Board of Directors statement on salaries and other remuneration of senior staff.

Deviations from the Code of Practice: None

13. INFORMATION AND COMMUNICATIONS

Lerøy Seafood Group ASA strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties. The company has presented quarterly reports with financial information since 1997. Timely, relevant, consistent and current information is the basis upon which all interested parties will assess the value of the company's shares. The company's most important medium for distributing information will be the Oslo

Lerøy achieved a high profile during the Nordic World Ski Championships at Holmenkollen, Norway. Jason Lamy Chappuis won the gold medal in Nordic Combined.

Stock Exchange reporting system, but the company also aims to present such information directly to investors and analysts. Lerøy Seafood Group aims to keep its shareholders informed via the annual reports, quarterly reports and at appropriate presentations. In addition, press releases will be sent out regarding important events on the company's markets, or about other relevant circumstances.

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

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

Deviations from the Code of Practice: None

14. TAKE-OVERS

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

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

Deviations from the Code of Practice: None

15. AUDITOR

Auditing – annual plan

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

Treatment of the annual accounts

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

Auditor - other services

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

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

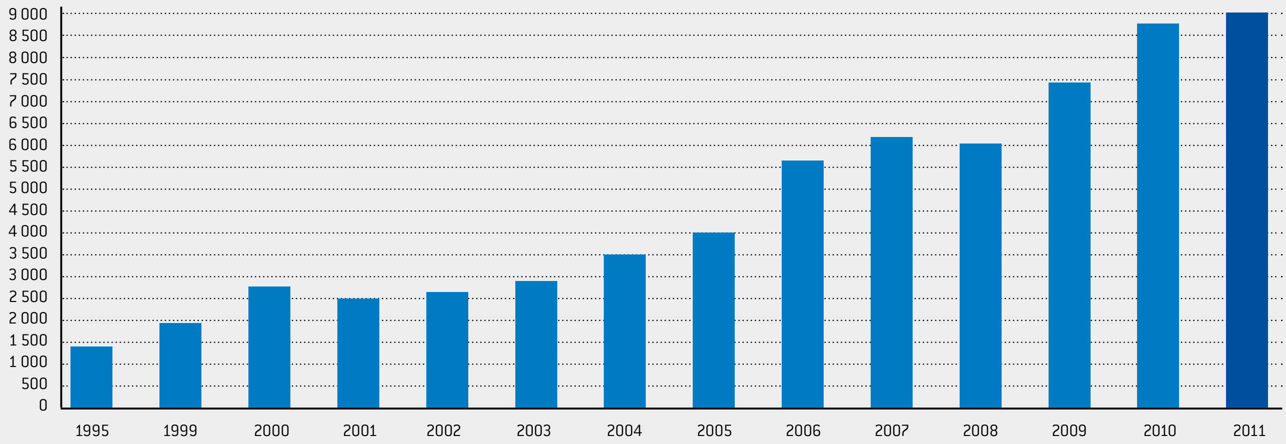
Remuneration of the auditor

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

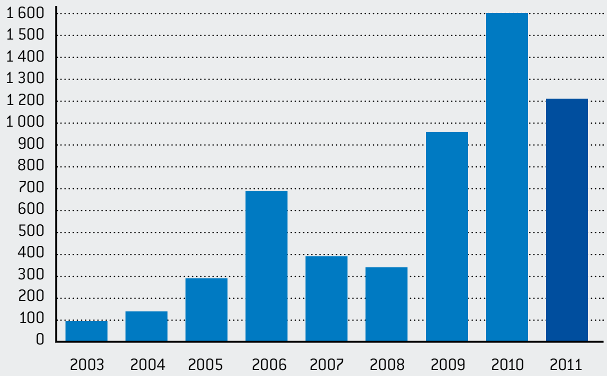
Deviations from the Code of Practice: None

Key figures and graphs for the Group

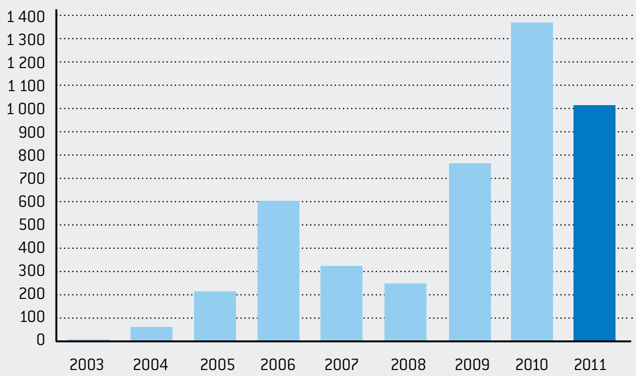
TURNOVER (NOK MILLION)



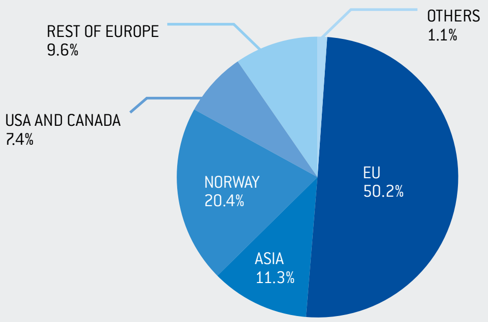
OPERATING PROFIT BEFORE BIOMASS ADJUSTMENT LERØY SEAFOOD GROUP (NOK MILLION)



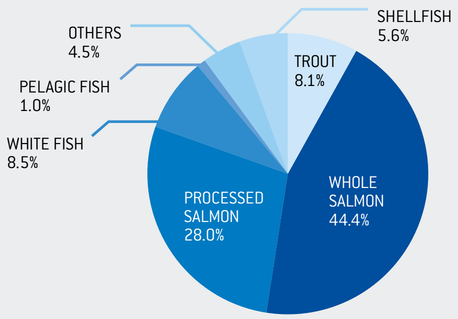
OPERATING PROFIT BEFORE BIOMASS ADJUSTMENT - PRODUCTION (NOK MILLION)



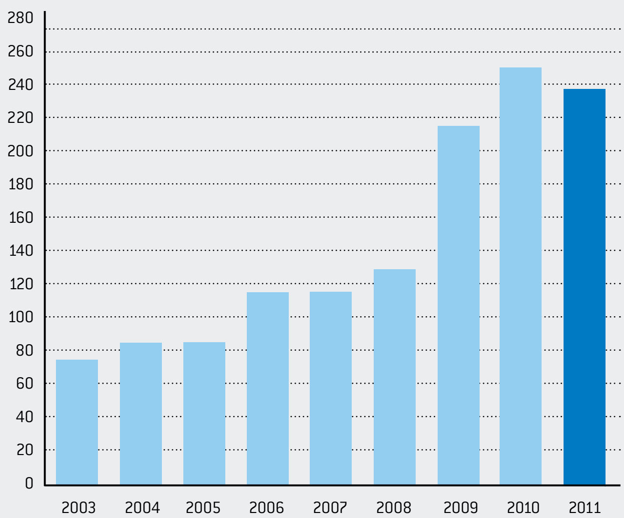
SALES PER MARKET



SALES PER PRODUCT



OPERATING PROFIT - SALES AND DISTRIBUTION (NOK MILLION)



20.4% OF THE SEAFOOD DISTRIBUTED BY LERØY SEAFOOD GROUP IS SOLD IN NORWAY. THE REMAINING VOLUME IS DISTRIBUTED FOR SALE IN MORE THAN 60 COUNTRIES.

Board of Directors' statement

Regarding salary and other remuneration of senior executives

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

MAIN PRINCIPLES IN THE COMPANY'S SALARY POLICY

The Group's development is closely linked to the Group's ability to recruit and retain managerial staff and the Group employs various models for remuneration of management personnel at competitive terms. Senior executives receive salary according to market terms. Remuneration varies over time both in respect of level and form of payment. In addition to the annual salary, the Group also pays performance-based bonuses limited to one annual wage, lump sum payments, sign-on fees, arranged leave of absence, educational opportunities and option agreements. The Group has collective pension schemes. For logical reasons and to date, the Chairman of the Board has on behalf of the Board handled all practical matters in respect of agreements with the Group CEO. Remuneration of other senior group executives is determined by the Group CEO. Remuneration is reviewed annually, but is assessed over several years in order to secure continuity.

PRINCIPLES FOR COMPENSATION IN ADDITION TO BASE SALARY

Basis: Base salary

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

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

Additional compensation: Bonus scheme

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

Options

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

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

Pension schemes

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

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

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

Severance pay

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

Non-pecuniary benefits

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

Other benefits

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

PROCEDURE FOR STIPULATION OF SENIOR EXECUTIVE SALARIES

Stipulation of salary for Group CEO

Remuneration of the Group CEO is determined annually by the Chairman of the Board with authority from the Board. The Group CEO's remuneration includes options.

Stipulation of salary for Group management

Remuneration of each person within the Group management is determined by the Group CEO. Before a final decision is made, the Group CEO shall discuss his proposal with the Chairman of the Board. The Board of Directors shall be subsequently informed of the decision.

Establishment of incentive schemes

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

Schemes that include allocation of shares, options and other forms of compensation linked to shares or the development of the share price are decided by the general shareholders' meeting. Within

Delicious hot-smoked trout from Lerøy Fossen. Sliced, on a bed of salad.

the boundaries laid down by the general shareholders' meeting, the Board of Directors will make the decisions to start and implement each program. The Board may also delegate such authority to the Group CEO.

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

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

STIPULATION OF SALARY FOR SENIOR EXECUTIVES IN OTHER GROUP COMPANIES

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

Bergen, 29 March 2012
The Board of Directors in
Lerøy Seafood Group ASA

Oven/barbecue ready salmon, with a special blend of spices, served with cucumber salad. Quick and healthy!

Management report 2011

CONSOLIDATED ACTIVITIES

Lerøy Seafood Group is in the business of meeting the demand for food and culinary experiences in Norway and internationally by supplying seafood products through selected distributors to producers, the catering industry and consumers. Lerøy Seafood Group has a clear focus on delivering high quality products and on developing binding, long-term, profitable and cost-efficient collaborations both with suppliers and in the market. Lerøy Seafood Group's vision is to be the leading and most profitable global supplier of quality seafood. To attain this goal, it is important that the Group targets profitability for all its activities.

The Group's core activities are the distribution, sale and marketing of seafood, processing of seafood, production of salmon, trout and other species in addition to product development. The Group operates through subsidiaries in Norway, Sweden, Finland, France and Portugal and through a network of sales offices that ensure its presence in the most important markets. The Group's task is to satisfy the customer's requirements for cost-efficient and continuous supplies of a wide range of high-quality seafood products. The Group's global sales network allows it to act as an efficient supplier with good product range dispersal, thus reducing risks for the Group and its partners. Lerøy Seafood Group will continue to maintain strategic geographical market dispersal, but will also make use of its resources to focus on selected markets with a view to maintaining or developing significant market shares. The developments in the world's food markets make increasing demands on our marketing work and require differentiated approaches depending on the respective market area and on the products being marketed. Lerøy Seafood Group will therefore also in the future strive to provide its customers with cost-efficient, individual and forward-looking solutions, thus providing the Group and its partners with the best possible opportunities for growth. It is vital that the interaction between businesses in the value chain which makes up the network is based upon the requirements and wishes of the end user. Lerøy Seafood Group and its collaborators form a commercial network, which must strive to ensure mutual exchange of expertise between network members. Businesses within the network, regardless of ownership, must be given ample opportunities to focus on their own core activities and to capitalise on economies of scale and reduced risk.

The Group divides its products into the main sectors of salmon products, whitefish, pelagic fish and shellfish. The distinction between farmed species and wild fish is significant and requires different logistics and working methods. These products are distributed on the Norwegian market and more than 60 other markets worldwide. The broad range of products offered by the company provides sales advantages in most market areas. The company's strategy is to meet the market's ever-increasing demands for food safety, quality, product range, cost-efficiency and continuity of supply. This is achieved by coordinating the various elements within the value chain – the production units, the Group's sales network and established strategic alliances with sea farms, fishing vessels and fish processing plants primarily along the coast of Norway. The Group's business systems are under constant review and development.

The Group works actively to develop systems and routines that safeguard and support its requirements for profitability. In an industry in rapid growth, the demand for risk management is 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 external financing on good terms. The company's financial contingency planning, both present and future, will allow the Group to take part in the current process of value-generating structural reorganisation.

The seafood industry harbours a considerable potential, but if this potential is to be realised and exploited to the full, new products will have to be created and developed in line with the evolution of new markets. Lerøy Seafood Group is active in the development of new products and markets under the motto: «What can be sold will be produced». It is important that trade between Norway and other nations can take place according to international regulations. Lerøy Seafood Group and its partners and colleagues will therefore work systematically to improve the reputation of Norwegian seafood both nationally and internationally.

Lerøy Seafood Group has a large portion of fresh fish products in its product range. At present, the share of fresh fish products is more than 80% and this will be maintained in coming years. In addition, there is a clear trend towards a rising level of processing for our full range of products. Throughout many years of systematic marketing of processed salmon, Lerøy Seafood Group has built up a sound position within this product area. As the degree of processing rises, regardless of the type of raw material, increasingly stringent demands are made on the actors involved. Standards

Delicious salmon in stir fries and with pasta, part of Lerøy's range of frozen foods.

of food safety, cost-efficiency, quality and long-term commitment through continuity of supply will increase in both the production and marketing sectors. Moreover, a high level of processing also requires proximity to the market and good logistic solutions. The Group makes stringent demands on food safety, cost-efficiency and continuous product development.

Throughout 2011, Norway succeeded in sustaining its position as the world's leading producer of the Group's main product, farmed Atlantic salmon. Even when including the catch of wild salmon, Norway is still the largest supplier of Atlantic salmon. Moreover, it seems that Norway may be able to consolidate this position in the next few years, despite the second largest producer nation, Chile, having now recovered from major biological problems.

Through a number of acquisitions over recent years, Lerøy Seafood Group has become the world's second largest producer of Atlantic salmon and trout, and this product area is therefore crucial for the Group's further development.

After Atlantic salmon and trout, whitefish is the largest product area for Lerøy Seafood Group. In recent years, this product area has developed favourably through cooperation with a number of small and medium-sized companies. Our association with these businesses will continue to expand and is expected to afford us many interesting opportunities in the future. Lerøy Seafood Group is also a supplier of shellfish and fresh pelagic fish to Norwegian and European markets. The sale of shellfish and fresh pelagic fish represents a small, but interesting niche product area.

The Group has several criteria for the selection of potential alliance partners and investment objects, placing an emphasis on factors such as the alliance partner's qualifications for ensuring satisfactory operations. These criteria apply among other things to management expertise and, equally important, to the expertise within the organisation as a whole. It is important that the investment object's balance sheet with adjustments is acceptable in terms of the Group's risk profile. Similarly, any potential alliance partner or investment object must understand the significance of continuous, quality-assured, market-oriented production.

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

In Norway the Group had activities in 9 counties and 38 municipalities at year end. The Group is a major employer in several of these municipalities and is grateful for the good support provided by both local and central public authorities. In countries outside Norway, the Group has the majority of its activities in Sweden and is well established in Stockholm, Gothenburg, Malmø and on the west coast in Smøgen. In other countries, the Group has established activities in Finland, France, Portugal and Turkey. Finally, the Group has sales offices in several important seafood markets such as Japan, USA and China. The Group is also represented in Scotland through the associated company Norskott Havbruk AS.

BUSINESS SEGMENTS

The Group's primary business segments are Sale & Distribution and Production. This segmentation is chosen according to type of organisation and commercial risk. The Production segment comprises the following companies: Lerøy Midnor AS, Lerøy Vest AS, Lerøy Hydrotech AS, Lerøy Aurora AS, Sjøtroll Havbruk AS, Lerøy Fossen AS, Bulandet Fiskeindustri AS, Lerøy Smøgen Seafood AB, SAS Fish Cut, SAS EuroSalmon and Inversiones Seafood Ltda. Sales & Distribution consists of all other subsidiaries apart from Lerøy Seafood Group ASA (parent company). Lerøy Seafood Group ASA is not assigned to either of the segments.

Lerøy Seafood Group is experiencing significant growth and has already established major activities in many countries. While headquartered in Bergen, Norway, the Group's global sales and distribution activities are established in the most important seafood markets in the world. Sale and Distribution together with the Group's production activities constitute an efficient and profitable seafood group with considerable growth potential. The production clusters in the various regions shall be further developed by harvesting synergy effects in several areas, and the various production environments will draw on each other's expertise through extensive exchange of know-how. The Group's decentralised operation model in the Production segment allows for such exchange. The Group's regional focus creates, in our opinion, a basis for interesting industrial developments in that it forms alliances and collaborations beyond those of direct ownership. The Group's market orientation, with well-managed sales and distribution activities, makes it possible to benefit from economies of scale within logistics and distribution in collaboration with our future customers. The wholly integrated operations comprise a totality of decisive importance for our competitive ability when providing the Group's central customers with continuity in supply of high-quality, fresh seafood products.

Sale and Distribution

In 2011, the Sale and Distribution segment generated a turnover of NOK 9,020 million and an operating result of NOK 236 million compared with NOK 8,670 million and NOK 255 million respectively in 2010. This result is the second highest profit figure ever reported by the segment, and is attributed to a number of factors, including good exploitation of capacity, a good market for the segment's main products – Atlantic salmon and trout – and improved return from the group's strong position on the main global fish markets.

Measured in terms of sales, **Hallvard Lerøy AS** is the largest company in the Group, generating a turnover of NOK 7,648 million which represents a minor decline from NOK 7,770 million in 2010. Hallvard Lerøy AS, located at the Group's head office in Bergen, has had a market oriented organisation since 1 January 1996. The organisation focuses on customer needs and on cost-efficient handling of the individual client. The Group's wide product range is structured to meet the market's need for a broad selection of seafood products.

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

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

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

Lerøy Sverige AB is a holding company for the three Swedish companies Lerøy Allt i Fisk AB, Lerøy Stockholm AB and Lerøy Nordhav AB. These companies have been owned by the Group since 2001. Lerøy Allt i Fisk AB in Gothenburg is a full-range seafood company holding a particularly strong position in the Swedish catering and institutional households market. The company Lerøy Stockholm AB is located in Stockholm and is the city's largest distributor of seafood, with a particularly high level of expertise in the grocery trade. Sweden is an important market for the Lerøy Group and the three companies have for several years been close partners of Hallvard Lerøy AS. Further development of these companies continues in cooperation with their very able local management and their motivated and highly skilled staff.

The sale and distribution activities in France are of vital importance and consist of several companies, notably **SAS Hallvard Lerøy** and **Nordvik SA**, both located in Boulogne, France. SAS Hallvard Lerøy is a pivotal enterprise with close ties to the Group's activities in Norway. The unit provides the Group with a suitable interface with customers in France, which is an important market for the Lerøy Group. Further development of these two companies continues in cooperation with their very able local management and their motivated and highly skilled staff. Nordvik SA is one of the largest importers of fresh fish in France.

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

Jokisen Eväät OY was taken over by Lerøy Seafood Group in January 2011, when the Group acquired 51.0% of the shares in the Finnish company. Later the same year Lerøy Seafood Group increased its ownership to 68.0%. Jokisen Eväät OY is located in Åbo/Turku in Finland. The acquisition is in line with Group's growth strategy for the Nordic market. Jokisen Eväät OY enjoys a strong position within the sale and distribution of seafood in its domestic market and will thus contribute to strengthening the Group's position in the Finnish market.

Production

In 2011, the Production segment generated a turnover of NOK 5,216 million and an operating result before biomass adjustment of NOK 1,011 million compared with NOK 4,716 million and NOK 1,385 million respectively in 2010. During the year, the Group achieved significantly lower prices for its main products, Atlantic salmon and trout, and experienced higher output costs, hence the fall in operating result. The Group's involvement in the production of Atlantic salmon and trout is the most significant activity in this segment. Production also includes various types of processing of salmon and trout, as well as shellfish products in brine and a number of seafood salads, etc. The business segment has activities in Norway, Sweden and France. The Group's production of salmon in Scotland is effectuated through the associated company Norskott Havbruk AS.

Since December 2003, the production of salmon and trout has been built up to the current level with units that can now harvest approx. 142,000 tons of salmon and trout from 130 licenses in Norway in 2012. The Group is therefore now the second largest producer of salmonoid species in the world. Production takes place in three regions in Norway. The northernmost region is Troms County where Atlantic salmon is produced from 17 licenses. In Central Norway, the companies Lerøy Midnor AS and Lerøy Hydrotech AS produce Atlantic salmon from 54 licenses. The last and largest region is West Norway where the companies Lerøy Vest AS and Sjøtroll Havbruk AS produce Atlantic salmon and trout from 59 licenses.

In addition, the Group has its own production of roe and smolt. The Group's strategy of self-sufficiency for quality smolt has generated good results. The Group produces smolt in several plants which have an adequate supply of fresh water. These facilities are located along the coast from Finnmark in the north to Rogaland in the south.

The Group's strategy of building up efficient units in several regions has been successful and generates good results. This strategy will be sustained.

Lerøy Midnor AS is the Group's largest production unit and is located on the island of Hitra on the central Norwegian coast. The organisation consists of motivated and skilled employees. Lerøy Midnor AS is one of Norway's largest fish farming companies with a total of 30 wholly owned licenses for marine based production of fish for consumption. The company also has licenses for production of smolt for its own fish farming activities and slaughters practically all its biomass at its own facilities. Lerøy Midnor AS also has a division for processing of salmon. In 2011 the company

Company	Ownership share	Licences No	Mill smolt individuals	2010 GWT	2011 GWT	2012E GWT
Lerøy Midnor AS	100%	30	9.5	34 000	35 900	36 000
Lerøy Aurora AS	100%	17	7.5	20 300	18 100	20 000
Lerøy Hydrotech AS	100%	24	7.0	25 200	26 400	26 000
Lerøy Vest AS	100%	34	14.2	34 300	34 500	36 000
Sjøtroll Havbruk AS*)	50.71%	25	8.4	3 000	21 700	24 000
Total Norway		130	46.6	116 800	136 600	142 000
Norskott Havbruk AS (UK)**)	50%		7.0	13 500	10 900	12 500
Total			53.6	130 300	147 500	154 500

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

harvested 35,900 tons of salmon and expects a minor increase to 36,000 tons in 2012. The profit performance in 2011 shows that the company was the most profitable producer in the Group. The plan for Lerøy Midnor AS calls for growth within the domestic region in the years to come.

Lerøy Hydrotech AS is the Group's second largest production unit, and is made up of skilled and committed employees and located in Kristiansund (N). Lerøy Seafood Group ASA first became a shareholder in the company through a private placing (23%) in 1999. Subsequently, Lerøy Seafood Group ASA acquired shares that brought the ownership up to 39% and the company became 100% owned by Lerøy Seafood Group ASA in September 2006. After acquiring Aakvik Settefisk AS in August 2006, Lerøy Hydrotech AS has 24 licenses for marine farming of Atlantic salmon. The company also has licenses for production of smolt and is a supplier of smolt to other fish farming companies in Norway.

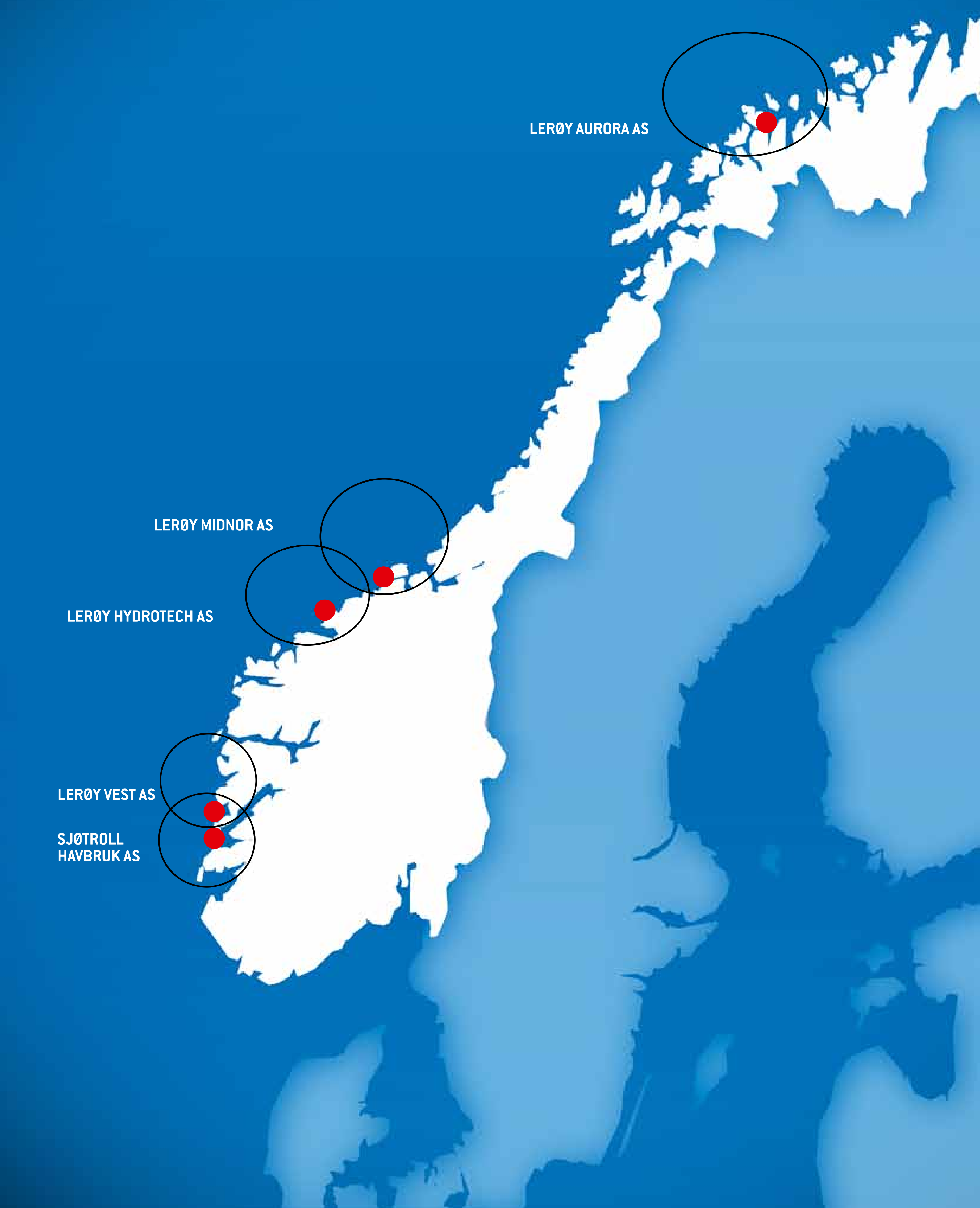
In February 2012, the Board of Directors decided to close the company's facility for processing salmon in Kristiansund (N). At the same time, Lerøy Seafood Group ASA and SalMar ASA signed a new, strategic agreement whereby Lerøy Seafood Group shall carry out slaughtering and processing of a large volume of fish at the Innovamar facility on the island of Frøya. In return, SalMar shall slaughter its total production volume in the north at the Lerøy Aurora facility on the island of Skjervøy.

In 2011 the company harvested 26,400 tons of salmon and expects a production of 26,000 tons in 2012. As a shareholder, and in collaboration with the company's management and employees, Lerøy Seafood Group will do its best to ensure that Lerøy Hydrotech AS continues its positive development.

Lerøy Aurora AS is located in Tromsø and is involved in the production of Atlantic salmon via 17 licenses in Troms County. The company is well supplied with smolt from its own subsidiary Laksefjord AS in Finnmark. Lerøy Seafood Group ASA acquired all shares in the company in June 2005. The acquisition of Laksefjord AS, a subsidiary of Lerøy Aurora AS, was implemented in the summer of 2005. In 2007 Lerøy Aurora built a new plant in modern facilities on the island of Skjervøy with a slaughtering capacity of 120 tons per shift. In 2011 the company harvested 18,100 tons of salmon and expects a production of 20,000 tons in 2012. The Board and administration in Lerøy Seafood Group ASA look forward to the continued development of the Lerøy Aurora group together with the company's expert management and staff. Lerøy Aurora AS shall continue to grow within its domestic region in the years to come.

Lerøy Vest AS is mainly located in Hordaland County and was acquired in April 2007 and subsequently merged with the fish farming segment in Lerøy Fossen AS in 2008. The company currently has 34 licences for marine production of salmon and trout, seven wholly owned plants for production of smolt and one partly owned smolt facility. The company is self-supplied with smolt. Since the acquisition, Lerøy Vest AS has, like the other producers of fish for consumption in Hordaland, suffered severe biological issues related to the Pancreas Disease which affects fish. Numerous operational actions have been taken including a comprehensive vaccination program. Despite a positive development in 2011, Lerøy Vest's results are also for this year negatively impacted by these biological problems. Accordingly, considerable efforts are continuously invested into improving operational efficiency and structure in the region. As a shareholder, and in collaboration with the company's management and employees, Lerøy Seafood Group will do its best to ensure that Lerøy Vest AS continues its positive development. In 2011 the company harvested 34,500 tons of salmon and

Farming Norway



trout and expects an increase to 36,000 tons in 2012.

The Group acquired the company **Sjøtroll Havbruk AS** by purchasing 50.71% of the shares in the company in November 2010. Sjøtroll Havbruk AS is situated in Hordaland and is involved in the production of fry/smolt, farming of fish for consumption, slaughtering and processing. The company's production of fish for consumption is covered by 25 licences for farming of salmon and trout. Sjøtroll Havbruk AS also has a 27.5% shareholding in the breeding company SalmoBreed AS. In 2011 Sjøtroll Havbruk AS harvested 21,700 tons of salmon and trout and expects an increase to 24,000 tons in 2012. Like Lerøy Vest AS, Sjøtroll Havbruk AS has had severe biological issues related to Pancreas Disease in fish in recent years, which in turn has resulted in extremely high production costs. Accordingly, like Lerøy Vest AS, a number of operational actions have been taken including a comprehensive vaccination program in order to reduce production costs.

Lerøy Fossen AS was acquired in 2006 and is located in Valestrandsfossen in Hordaland County. The company's fish farming activities were merged into Lerøy Vest AS in 2008 and Lerøy Fossen AS is today a pure salmon and trout processing company, with processing facilities, including Norway's largest fish smoking plant. The company's products are sold all over the world, fitting exceptionally well into the Lerøy Seafood Group's marketing strategy which calls for increasing levels of processing.

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

Lerøy Smøgen Seafood AB is a Swedish seafood group involved in the production of various types of smoked seafood products. It also produces and distributes seafood salads and products based on shellfish in brine. Its products are marketed in a number of countries. In 2007 the company moved into new production facilities just outside Smøgen. The new factory is an important element in the planned expansion in the Nordic market. All told, the development of the Swedish part of the Group has been exceedingly inspirational and shows good opportunities for further development in the years to come.

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

Associated companies

Lerøy Seafood Group ASA has ownership interests in several so-called associated companies, of which Norskott Havbruk AS and Alfarm Alarko Lerøy in Turkey are the two largest. Due to difficult market conditions and lower production, associated companies generated a lower return in 2011 than in 2010. On aggregate, associated companies gave the Group a profit share of NOK 20 million in 2011 compared with NOK 122 million in 2010.

Norskott Havbruk AS is 50% owned by Lerøy Seafood Group ASA and the fish farming company SalMar ASA respectively. Norskott Havbruk AS was set up in 2001 for the sole purpose of acquiring the company today bearing the name Scottish Sea Farms Ltd. Norskott Havbruk AS currently owns 100% of Scottish Sea Farms Ltd, the second largest fish farming company in Scotland. Scottish Sea Farms Ltd harvested 21,800 tons salmon in 2011 and expects to harvest 25,000 tons salmon in 2012. The company also produces smolt and largely covers its own need for smolt. In addition, the company runs two modern land-based plants for processing salmon in Scotland and on the Shetlands. In collaboration with the company's highly skilled management and staff, Scottish Sea Farms Ltd will be further developed in order to consolidate its position as the leading and most cost-efficient producer of quality Atlantic salmon within the EU. The company already holds a strong position in several high-quality market segments, for instance under the respected brand name Label Rouge. Scottish Sea Farms Ltd shall continue to grow in its region in the years ahead.

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

PRIORITY TASKS

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

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

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

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

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

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

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

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

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

LERØY SEAFOOD GROUP ASA

SALES & DISTRIBUTION

- HALLVARD LERØY AS 100%
- LERØY SVERIGE AB 100%
- SAS HALLVARD LERØY 100%
- NORDVIK SA 90%
- LERØY PORTUGAL LDA 60%
- LERØY SJØMATGRUPPEN*
- JOKISEN EVÄÄT OY 68%

PRODUCTION

- LERØY MIDNOR AS 100%
- LERØY AURORA AS 100%
- LERØY HYDROTECH AS 100%
- LERØY VEST AS 100%
- SJØTROLL HAVBRUK AS 50.71%
- LERØY FOSSEN AS 100%
- LERØY SMØGEN SEAFOOD AB 100%
- BULANDET FISKEINDUSTRI AS 68.76%

AFFILIATED

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

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

Salmon farming, processing
Processing, smokehouse
Processing white fish

Group Management

Henning Beltestad
Chief Executive Officer
Lerøy Seafood Group

Ivan Vindheim
Chief Financial Officer
Lerøy Seafood Group

Stig Nilsen
Executive Vice President Farming
Lerøy Seafood Group

Lerøy Aurora AS at the foot of the Lyngsalpene.

Environment

FISH FARMING

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

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

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

The Group has five main elements related to environmental work which receive special emphasis within its fish farming activities:

- Work to prevent accidental release of fish
- Measures to reduce salmon lice
- Reduction of discharge of nutritional salt from facilities
- Raw materials for fish feed, requirement for sustainability and regulated fishing.
- Efficient utilisation of land and sea areas

The Group's fish farming companies have established a clearly defined set of goals for each of these five elements and have developed operating procedures specifically to ensure that they can achieve the goals set for such important environmental areas. The Group also carries out regular internal and external audits to ensure full compliance between operating procedures and proper conduct. The Group has implemented advanced technology to secure and monitor operations and has developed requirement specifications for our suppliers in order to help the suppliers take an active role in our efforts to achieve our environmental goals.

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

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

Stig Nilsen
EVP Farming
Lerøy Seafood Group

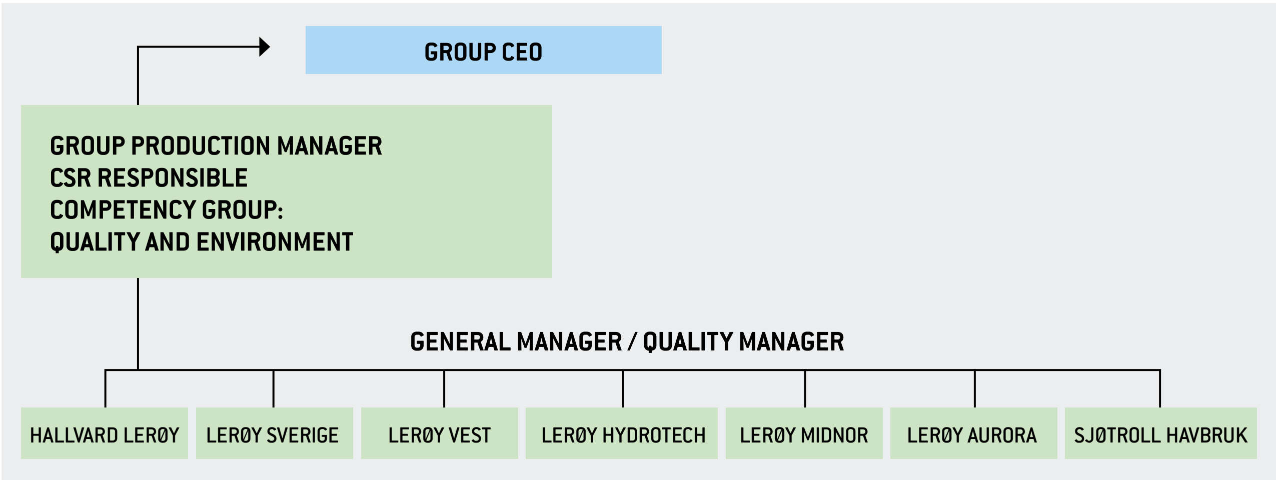
ORGANISATION OF ENVIRONMENTAL AND SUSTAINABILITY FACTORS

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

Lerøy Seafood Group has established competency groups within:

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

The competency groups report to the EVP for Farming



VALUE CHAIN

What are our focus areas?

For Lerøy Seafood Group as a corporation, it is essential to maintain a constant focus on areas where we have the greatest influence in terms of sustainability. We have therefore carried out a critical evaluation of our processes and reached the conclusion that we currently have the greatest influence within the area of fish farming.

A major share of our efforts related to the environment and sustainability will therefore focus on fish farming.

Gunnarøya, Lerøy Midnor AS

VISION

Lerøy Seafood Group shall be the leading and most profitable global supplier of quality seafood.

BUSINESS CONCEPT AND STRATEGY

Lerøy Seafood Group follows a firm strategy by which to satisfy demand for seafood and quality food produce, both at home and abroad. This is achieved by supplying high-quality products from fisheries and fish farms, founded on principles of sustainability.

Lerøy Seafood Group aims to supply high-quality products and thereby develop a profitable, efficient and binding cooperation with both the supply side and marketing.

The Board of Directors together with the company management will continue in their efforts to develop and adapt the company's management systems for the environment and for business conduct in accordance with Norwegian and international requirements.

The Board of Directors places a firm focus on the need for strategic, forward-looking models for the Group's business activities, which may involve acquisitions and mergers both upstream and downstream.

The Board of Directors plays an active role in ensuring financial and structural factors to help the Group achieve its long-term economic goals.

ENVIRONMENTAL POLICY

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

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

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

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

ENVIRONMENTAL VISION

Take action today –
for a difference tomorrow

ENVIRONMENTAL GOALS

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

The following KPIs have been established:

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

Our corporate film was made and presented for the fist time at the expo in Brüssels. Here we see the Lyngsalpene and Lerøy Aurora.

LICE

Salmon lice are practically absent from our facilities in the north. Conditions in our facilities in the south have improved in 2011 when compared with 2010. The number of moving salmon lice and fully grown female lice with eggs is measured and reported to the Food Safety Authorities on a regular basis.

Lerøy Seafood Group aims to utilise wrasse instead of medication when fighting salmon lice. In 2011, the Group has achieved very positive results using wrasse in our facilities in the south.

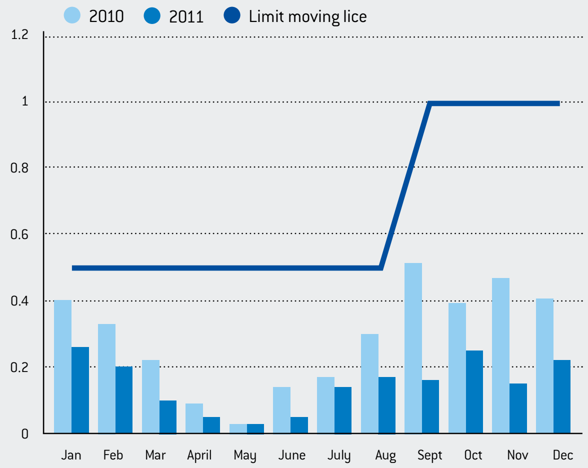
The amount of fish that has been treated for salmon lice are reduced with 18,5 % in 2011.

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

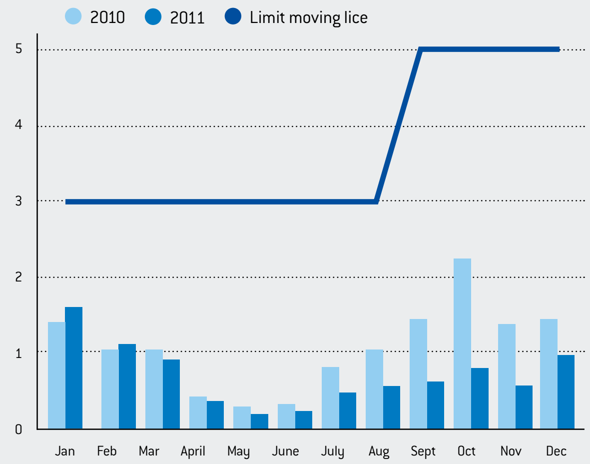
ACCIDENTAL RELEASE

Prevention of accidental release of fish is an important and high priority area for Lerøy Seafood Group. Lerøy Seafood Group invests a considerable amount of work into optimising equipment and routines to avoid accidental release of fish. Actual incidents of accidental release and all events that can lead to accidental releases are reported to the fisheries authorities. Securing against accidental

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

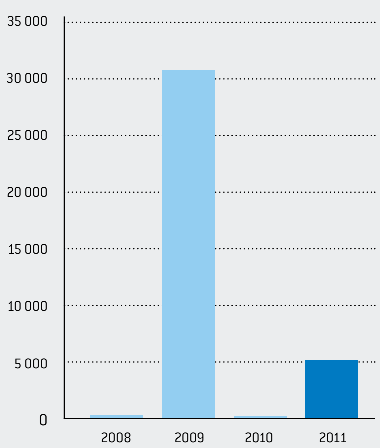


DEVELOPMENT OF MOVING SALMON LICE LERØY SEAFOOD GROUP



release is a question of maintaining a focus on execution/action, good planning of all operations in order to ensure safe execution and efficient re-examination of operations. Key elements are: ATTITUDE, ACTION and RESPONSIBILITY. However, these have no impact if not clearly defined by management. Moreover, it is essential that all employees are made aware of their responsibility for ensuring zero accidental release of fish within our company.

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



In 2011, two incidents of accidental release were registered by Lerøy Seafood Group, both at Sjøtroll Havbruk.

• On 22 January 2011, accidental release registered of 2,000 trout with an average weight of 2.44 kg at the Tepstad fish farm
• On 1 December 2011, accidental release registered of 2,267 salmon with an average weight of 5.6 kg at the Brandasund slaughtering facility

None of our young fish facilities reported accidental release in 2011. In the aftermath of accidents that could have caused, or actually did cause, accidental release of fish, it is of utmost importance that all circumstances surrounding the episode are made known to everybody in the organisation. Such events are used actively in personnel training and for optimising routines and equipment. An increased focus on accidental release in 2011 has already resulted in several amendments to our facilities in order to avoid similar events in the future.

RESEARCH, DEVELOPMENT AND INNOVATION

Research, development and innovation are central factors in the work to further develop the entire value chain in Lerøy Seafood Group. The Group has a history of active participation in R&D&I projects via our subsidiaries in order to ensure proximity to and ownership of the projects and maximum exploitation of the input factors. In 2011, Lerøy Seafood Group has carried out approx. 80 different projects related to fish farming. This is fully comprehensive, covering a number of innovation projects in cooperation with internal and external enterprises, to participation in major research projects such as the Research Council of Norway's SFI scheme (SFI – centre for research-based innovation).

The Group's R&D&I efforts in 2011 have focused on 4 main subjects.

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

Picture from Lerøy Aurora AS

BACTERIAL TREATMENT

Salmon is by far the healthiest «farmed animal» among the species from which food is produced in Norway. In 2011, Lerøy Seafood Group utilised 239,774 tons of fish feed and 368 kg of antibiotics, with active ingredients. In other words, the content of antibiotics in our fish feed was at a ratio of 0.00015%.

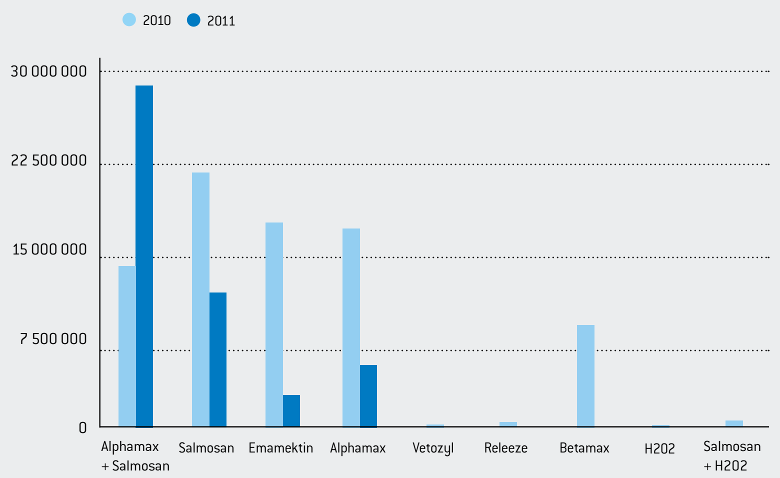
The goal for use of anti-parasitic agents in Lerøy Seafood Group for 2012 is a reduction of 10% from 2011.

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

Our goal is to restrict the use of medicines.

The use of chitin inhibitors was not required in 2011.

MEDICATION USED FOR DELOUSING IN LSG (AMOUNT OF FISH)



Gunnarøya, Lerøy Midnor AS.

LOCATIONS

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

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

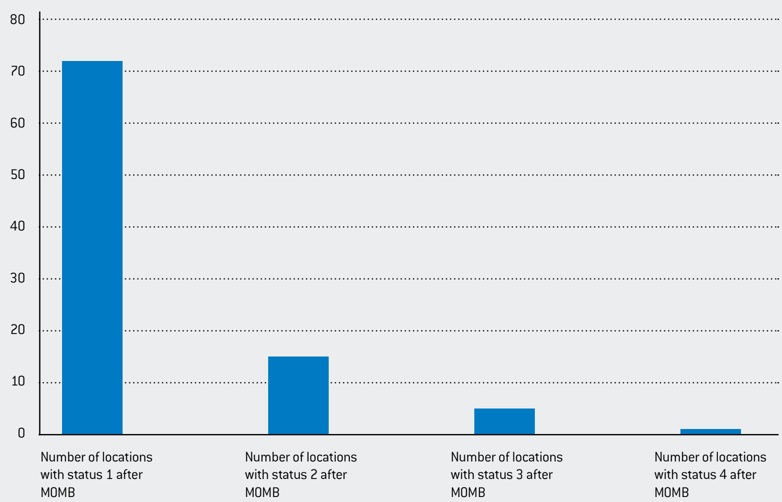
A MOMB evaluation is carried out by a third party enterprise and involves extraction of samples from the seabed under cages and around the cages in a facility.
All the parameters from the evaluation are allocated points according to how much sediment is impacted by organic materials. The difference between acceptable and unacceptable sediment condition is established as the largest accumulation which allows for survival of digging bottom fauna in the sediment.

The evaluation is carried out when the biomass at the facility is at peak.

On the basis of these investigations, the individual location receives a score from 1 to 4, where 1 is the most positive.

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

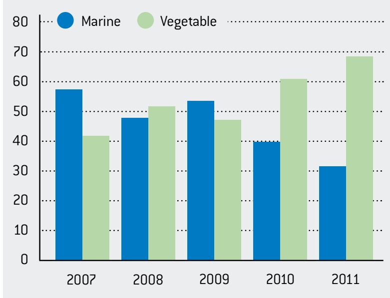
STATUS OF LOCATIONS, LERØY SEAFOOD GROUP AS 31.12.11



Fish feed

Picture from Lerøy Hydrotech.

DEVELOPMENT OF RAW MATERIALS IN FEED



EXPLOITATION

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

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

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

FISH FEED

Fish feed is the most important input factor for production, and quality assurance is absolutely essential. In 2011, Lerøy Seafood Group purchased most of its fish feed from EWOS and Skretting, in addition to a minor volume from Biomar. Lerøy Seafood Group has introduced a comprehensive sampling programme for re-examination of feed in terms of chemical content, dust, presence of foreign agents etc. The feed supplier carries out audits of own suppliers and Lerøy Seafood Group executes annual audits of the feed companies. These measures, combined with internal control activities by feed suppliers and traceability allow us to maintain control of feed content and quality.

Access to raw materials for fish feed is good, despite a number of external factors which impact on supply. Supply of fishmeal was good in 2011, despite considerable pressure from the chicken and pork market in Asia. By introducing a cost-efficient optimisation of recipes, the volume of fishmeal in fish feed saw a slight reduction in 2011, without this having a measurable impact on growth or fish health.

Rapeseed oil is used in combination with fish oil as a source of oil/energy in fish feed. Demand for rapeseed oil has also seen an increase in 2011. This is primarily due to the fact that rapeseed oil is utilised for biodiesel production. Higher oil prices have resulted in higher profitability from production. Moreover, a number of countries have increased their requirement for the volume of biodiesel in standard diesel, resulting in an increase in demand for rapeseed oil for technical purposes. In the EU, approx. 70 % of all rapeseed oil is currently utilised for biodiesel production.

Content in fish feed supplied to Lerøy Seafood Group in 2011, main suppliers

Fishmeal		Feed supplier 1				Feed supplier 2			
	Latin name	2011	2010	2009	2008	2011	2010	2009	2008
Anchovy	*Engraulis ringens*	20%	16%	8%	4%	18%	23%	45%	33%
Blue whiting	*Micromesistius poutassou*	1%	7%	9%	24%	1%	5%	8%	23%
Capelin	*Mallotus villosus*	25%	6%	2%	1%	22%	10%	2%	1%
Herring	*Clupea harengus*	2%	6%	15%	17%	6%	11%	19%	20%
Sand eel	*Ammodytes sp.*	15%	18%	14%	24%	17%	12%	6%	5%
Herring cuttings	*Clupea harengus*	13%	11%	16%	6%	17%	14%	8%	6%
Sprat	*Sprattus sprattus*	7%	10%	14%	7%	7%	5%	5%	2%
Trimmings		11%	16%	7%		9%	3%	4%	2%
Mackerel	*Scomber scombrus*		1%				2%		3%
Jack mackerel	*Trachurus sp.*	3%	3%	14%	17%		1%	2%	4%
Norway Pout	*Trisoperus esmarklii*	1%	4%			1%	4%		
Pilchard			2%						
Other species		2%		3%				1%	
Boarfish	*Capros aper*					2%	9%	2%	
Total		**100%**				**100%**			

Fish oil		Feed supplier 1				Feed supplier 2			
	Latin name	2011	2010	2009	2008	2011	2010	2009	2008
Anchovy	*Engraulis ringens*	15%	16%	8%	4%	26%	23%	45%	33%
Blue whiting	*Micromesistius poutassou*		7%	9%	24%		5%	8%	23%
Capelin	*Mallotus villosus*	16%	6%	2%	1%	15%	10%	2%	1%
Herring	*Clupea harengus*	24%	6%	15%	17%	13%	11%	19%	20%
Sand eel	*Ammodytes sp.*	9%	18%	14%	24%	7%	12%	6%	5%
Herring cuttings	*Clupea harengus*		11%	16%	6%		14%	8%	6%
Menhaden	*Brevoortia patronus*	10%				19%			
Sprat	*Sprattus sprattus*	22%	10%	14%	7%	8%	5%	5%	2%
Cuttings			16%	7%			3%	4%	2%
Mackerel	*Scomber scombrus*		1%				2%		3%
Jack mackerel	*Trachurus sp.*		3%	14%	17%		1%	2%	4%
Norway Pout	*Trisoperus esmarklii*		4%				4%		
Pilchard			2%						
Other species		4%		3%		2%		1%	
Boarfish	*Capros aper*						9%	2%	
Total		**100%**				**100%**			

For further details see www.leroy.no

Greenhouse gas emissions

Below is a brief summary of the general framework and assumptions made when calculating greenhouse gas emissions for Lerøy Seafood Group in 2011.

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

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

The purchase of products and services, of which fish feed and transport services make up a major share, have not been included in the calculations. Lerøy Seafood Group is currently working on obtaining a good basis for calculating the above.

The table below provides a summary of consumption of fossil fuels, electricity and greenhouse gas emissions.

DIRECT EMISSIONS

Direct emissions of CO2, CH4, and N20 are calculated based on available data and information.

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

Emissions from combustion of petrol are assumed to come from passenger vehicles and this has allowed for calculation of CO2, CH4, and N20-emissions.

Emissions from combustion of marine gas oil are assumed to come from boats and this has allowed for calculation of CO2, CH4, and N20-emissions.

All CH4 and N20 emissions are converted to CO2 equivalents in order to allow total reporting. All factors and densities are taken from the overview of elements for the farming industry in IPCC- 2066.

INDIRECT EMISSIONS

Consumption of electricity also results in the emission of greenhouse gases. We have calculated our emissions of CO2 based on a Norwegian mix of electricity. This includes Norwegian production and import. The source of data for emission factors is the Norwegian Climate and Pollution Agency. The consumption of electricity is classified as indirect emissions.

GLOBAL WARMING POTENTIAL (GWP)

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

Consumption of fossil fuels and purchase of electricity 2011					
Lerøy Seafood Group	Diesel (litres)	Petrol (litres)	Oil (litres)	Marine gas oil (litres)	Kwh Purchase of electricity
Total farming LSG	1 679 413	69 426	216 163	1 332 449	43 517 382

Total consumption of fossil fuels and greenhouse gas emissions 2011				
Lerøy Seafood Group	Fossil fuels (litres)	CO2e emissions direct (tons)	CO2e emissions indirect (tons)	CO2e emissions total (tons)
Total farming LSG	3 319 070	8 915	113	9 028

Food safety

Picture from Lerøy Fossen AS

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

Lerøy Seafood Group has for many years worked towards the goal of quality assurance and has developed a control system based on Global Gap, MSC, HACCP, BRC and ISO 9001.

PREPAREDNESS

Recall

Lerøy Seafood Group has full traceability for all products from boat/cage to customer. Every year, recall tests are carried out in relation to our major manufacturers. In 2011, Hallvard Lerøy AS carried out 7 recall tests.

Preparedness group

The preparedness group comprises representatives from management, production, market, quality and environment. The group has primary responsibility, both internally and externally, for communications, handling and execution of relevant challenges/crises which occur in relation to different bodies which enforce requirements on the Group.

TRACEABILITY

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

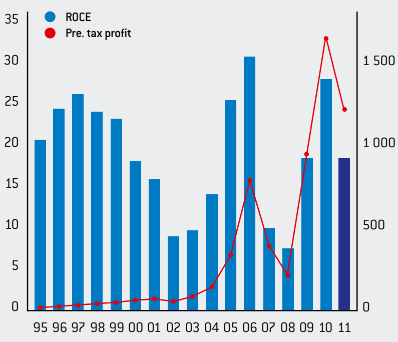
Delicious cod loins with pesto from Lerøy's popular range of frozen cod products.

Board of Directors' report 2011

FINANCIAL MATTERS

In 2011, Lerøy Seafood Group had operating revenues of NOK 9,177 million, an increase from NOK 8,888 million in 2010. The level of activity in the Group is satisfactory and affords the Group good opportunities for improvement of its position as a leading exporter of seafood. The profit before tax and adjustment for biomass was NOK 1,183 million in 2011 compared with NOK 1,623 million in 2010. The Group's operating result before value adjustment for biomass was NOK 1,213 million in 2011 compared with NOK 1,586 million in 2010. The Group's operating margin before adjustment for biomass was 13.2 % in 2011 compared with 17.8 % the previous year.

RETURN ON CAPITAL EMPLOYED AND EARNINGS BEFORE TAX AND BIOMASS ADJUSTMENT



The Sale and Distribution segment has had a high level of activity and can report positive developments. The segment's operating result for 2011 was NOK 236 million compared with NOK 255 million in 2010. This is the second highest result reported by the Sale and Distribution segment. The Production segment reported an operating result before biomass value adjustment of NOK 1,011 million in 2011, compared with NOK 1,385 million in 2010. On aggregate, associated companies gave the Group a profit share of NOK 20 million in 2011 compared with NOK 122 million in 2010. The Group's net financial items for 2011 were negative at NOK 82 million compared with a negative figure of NOK 66 million in 2010.

The Group's turnover in 2011 saw an increase of 3.3% when compared with turnover in 2010. The Group achieved a new milestone in 2011, exceeding NOK 9 billion in turnover. The Group's operating profit before adjustment for biomass is the second highest result ever reported by Lerøy Seafood Group. The reduction in the Group's operating result, when compared with 2010, is attributed to the drop in prices for the Group's main products, Atlantic salmon and trout, during the second half of the year. The Board of Directors is full of praise for the employees' efforts, their understanding of the need for an operational focus which targets results and for the willing adaptation to change throughout the entire organisation. The Group's profit performance is a clear indication that the targeted efforts are bearing fruit. Even if we still find differences between the units in the Production segment, it is satisfactory to see a positive development. One of the Group's goals is to reduce the considerable cost differences that have developed between geographical regions in recent years. It is therefore essential that the organisation as a whole can sustain the patience, will and capacity to find the motivation to work towards goals, the results of which will only materialise in one to two years' time.

The result achieved in 2011 corresponds to a result before biomass value adjustment of NOK 15.13 per share, compared with NOK 22.08 per share in 2010. The Board of Directors intends to recommend a dividend payment of NOK 7.0 per share to the company's ordinary shareholder's meeting for 2011. The return on the Group's capital employed in 2011 was 17.9% compared with 27.5% in 2010. The Group is financially sound with book equity of NOK 5,798 million, which corresponds to an equity ratio of 50.6%. At the end of 2011, the company had 54,577,368 shares outstanding. The Group's net interest-bearing debt at the end of 2011 was NOK 1,593 million compared with NOK 1,299 million at year-end 2010. The Group's balance sheet value is NOK 11,462 million as of 31 December 2011 compared with NOK 11,352 million as of year-end 2010. The Group's financial position is good and will be utilised to ensure increased value generation through organic growth, new alliances and acquisitions.

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

Political trade barriers and framework conditions

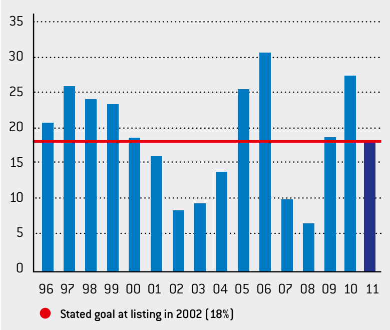
Future framework conditions will represent much higher requirements on financial management, productivity developments, quality, food safety and market oriented production. It is vital that Norwegian authorities create an environment where the Norwegian aquaculture industry can maintain and further develop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

Structural conditions

The Group aims to generate lasting value through its activities. For this reason, stringent requirements are imposed on risk management and the ability to plan for the long term in the development of sustainable strategic business processes. Over the last few years, the Group has grown to become one of the world's largest producers of salmon and trout. The Group has consolidated its position as a central actor in the distribution of seafood in Norway and internationally, and has simultaneously strengthened its position as a leading exporter of seafood.

With a combination of organic growth, acquisitions and alliances, the Group is now able to provide its major national and international customers with a cost-efficient and nationwide distribution of fresh seafood.
As a part of the Group's strategic development, Lerøy Seafood Group signed an agreement in Q4 2011 for the acquisition of 50.1% of the shares in the Dutch company, Rode Beheer B.V (Rode). The acquisition took place in early March 2012. Rode is involved in the smoking and processing of Atlantic salmon and has an annual processing capacity of around 10,000 tons of Atlantic salmon, of which approx. 40% is utilised for smoked products. The company also processes other species of fish. Rode enjoys a strong position within the sale and distribution of seafood in its domestic market and will thus contribute to strengthening Lerøy Seafood Group's position on the Dutch market.

RETURN ON CAPITAL EMPLOYED (ROCE)



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

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

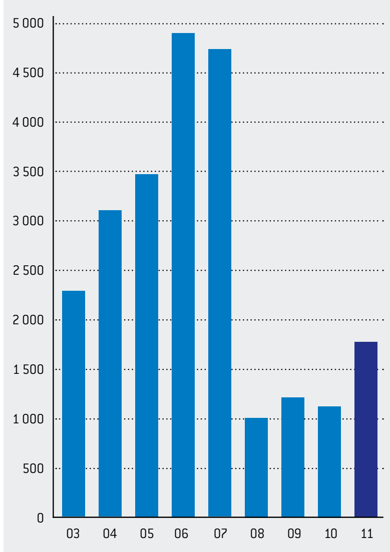
Viewed against the background of the Group's many years of developing alliances, quality products, markets, brands and quality assurance, the Board feels that the outlook for generating increased value for the company's shareholders and the Group's important partners is good. In coming years, the Group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

Being listed on the stock exchange affords the company a marketplace for its shares, improved access to future venture capital as well as the opportunity to use the company's shares as a payment medium in future acquisitions or mergers. As of 31 December 2011, the company had 1,804 shareholders against a comparison figure of 1,142 shareholders at the end of December 2010.

Employees

The parent company Lerøy Seafood Group ASA has its main office in Bergen, Norway. In addition to the Group's CEO, the parent company has six employees. Administratively, all personnel functions are handled by the wholly-owned subsidiary Hallvard Lerøy AS. At the end of the year there were 1,865 employees in the Group including 587 women and 1,278 men, compared with a total of 1,794 at the same time in 2010. Of the Group's total number of employees, 1,447 work in Norway and 418 abroad. Independently of the demand for equal opportunities for men and women, the Group has always placed decisive emphasis on individual skills, performance and responsibility in its recruitment policy and salary systems. Furthermore, the Group ensures at all times equal employment opportunities and rights for all employees and works hard to prevent discrimination based on national origin, ethnicity, colour, language, religion or personal philosophy.

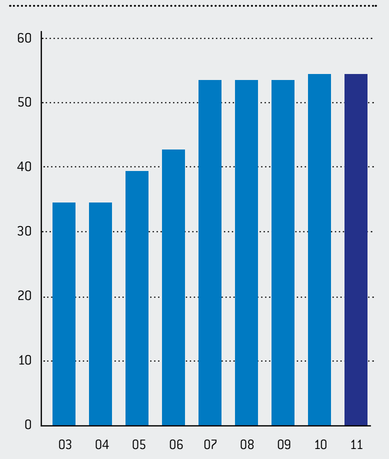
NUMBER OF SHAREHOLDERS (IN THOUSAND)



One of the company's goals is to provide a workplace without discrimination based on disabilities. For employees or work applicants with disabilities, the company will arrange for individually adapted work tasks and environments.

The company is an actor in a global industry and the company's working

NUMBER OF SHARES (IN MILLION)

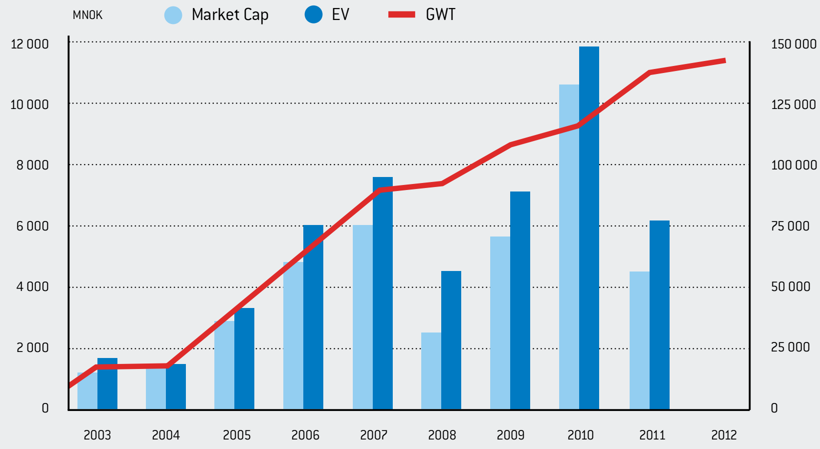


environment changes continuously. This requires flexible employees who are dynamic, willing to adapt and learn. The Board wishes to express its appreciation of the contributions made by the Group's employees throughout 2011 and their focus on efficient operations which has helped generate the annual result.

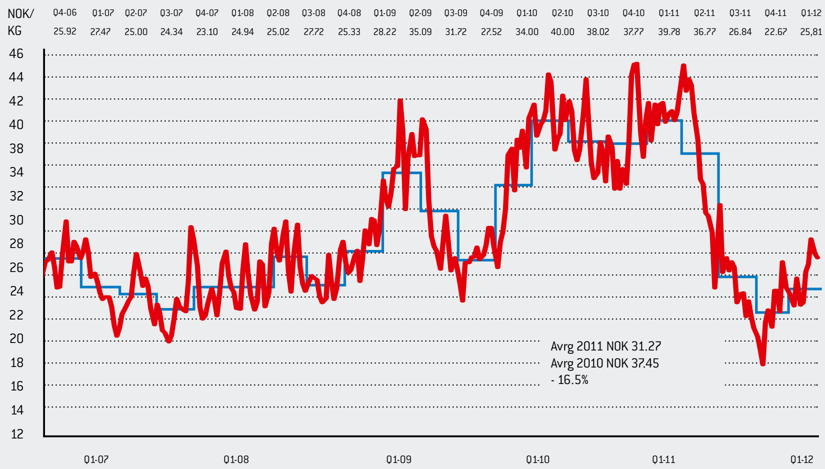
Health, safety and the environment

In 2011, only minor injuries were reported for employees. Furthermore, the Norwegian subsidiaries have reported an accumulated sick leave of 4.8%, a minor increase from the 4.5% reported in 2010. Sick leave comprises 2.3% long-term sick leave and 2.5 % short-term sick leave. The Board is pleased to observe that the Group works actively to keep sick-leave as low as possible. Comparable sick leave statistics are not available from the foreign subsidiaries. However, the organisations in the individual subsidiaries are continuously being developed to ensure that they can deal with new challenges and changes

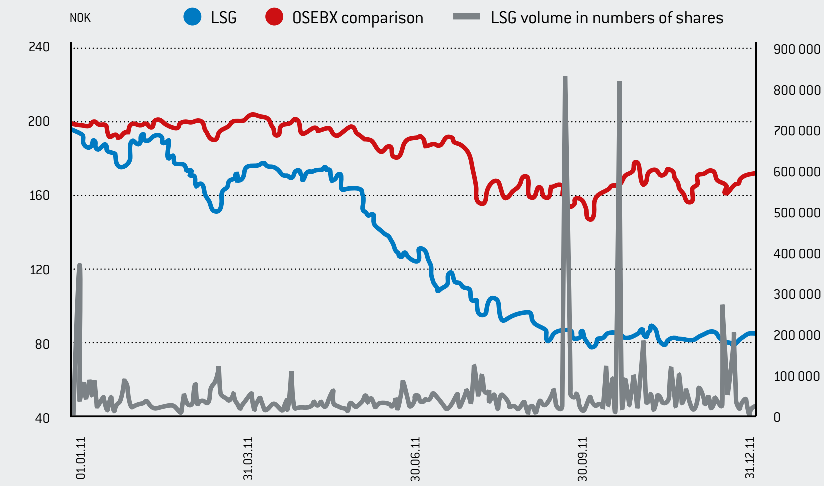
TEN YEARS WITH SUSTAINABLE GROWTH



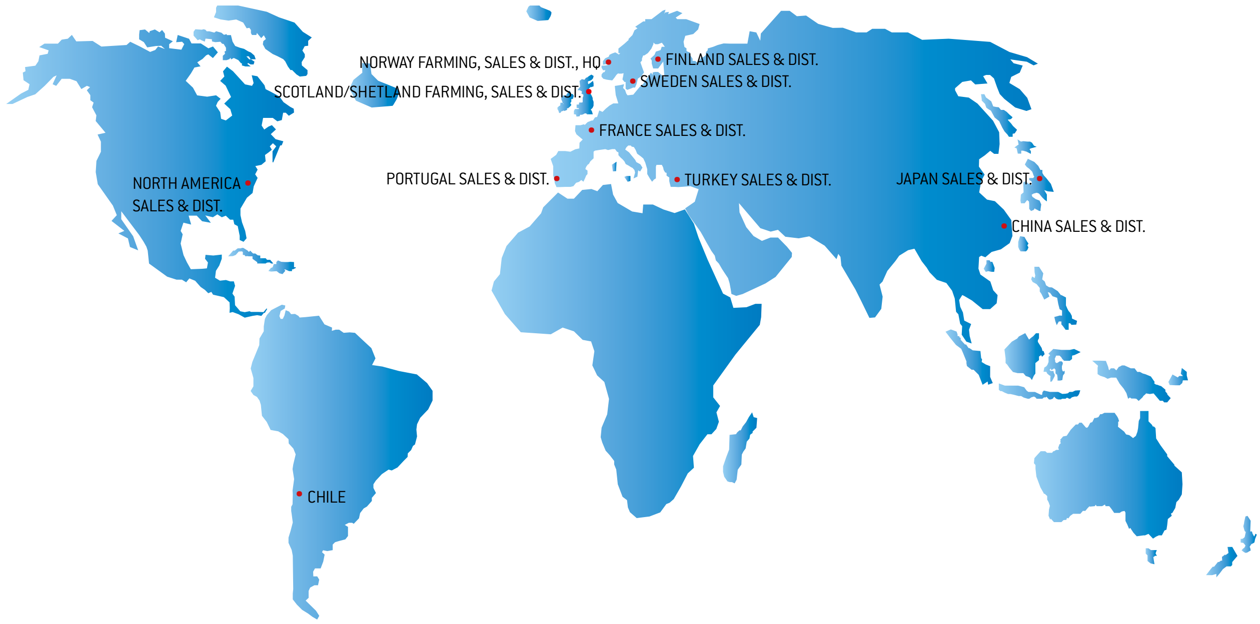
SPOT PRICES, FRESH ATLANTIC SALMON, CROSS-SECTION, FCA OSLO, FROM WEEK 1-2007 TO WEEK 10-2012 (SUPER QUALITY)



LERØY SEAFOOD GROUP AND OSEBX IN 2011



LERØY SEAFOOD GROUP CORPORATION



in framework conditions. The working environment and cooperative atmosphere are good.

External environment
The Group works constantly to follow up its own as well as public requirements regarding environmental investments. The Group's operational procedures for the various links in the value chain are continuously developed to satisfy our own and our customers' requirements, as well as minimum requirements stipulated by public authorities. Programs are also implemented to enhance and maintain high environmental awareness among management and other personnel. The Group's operations are closely linked to natural conditions in Norwegian and international fresh and salt waters. More details can be found in the Group's report on the environment at www.leroy.no

Statement regarding Corporate Governance and information on shareholders
The Group complies with the Norwegian recommendation regarding Corporate Governance. No deviations from this recommendation have been identified. The statement of Corporate Governance has been compiled as a separate document in the annual report, titled Corporate Governance. The document describes risk and internal control related to financial reporting. The document also states that the company's Articles of Association do not include any restriction on the negotiability of the company's shares.

Result and allocations, Lerøy Seafood Group ASA
In 2011, Lerøy Seafood Group reported an annual result of NOK 535 million compared with an annual result of NOK 1,059 million in 2010. Distributable equity as of 31 December 2011 amounted to NOK 909 million. The company's accounts are submitted on assumption of going concern. The Board proposes the following allocation of the 2011 annual result (NOK 1,000):

Dividend (NOK 7.0 per share)	382,042
Transferred to other equity	152,790
Total allocation	534,832

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

Market situation/outlook
The Group expects growth in the global supply of Atlantic salmon to be higher in 2012 when compared with the past two years. Development in demand is good, and lower prices provide grounds for optimism as to continued positive development in demand. Good demand together with expectations for improved productivity in the Group's production facilities, including improved biology, provides justification for the Board's positive attitude towards the Group's development.

In line with its market strategy, the Group exported a wide range of seafood products from Norway to a substantial number of countries in 2011. The largest of these markets were France, Japan, Sweden and the USA. We are happy to confirm a positive development for our distribution of fish to the Nordic countries, which has allowed the Group, together with its customers, to strengthen its position within such an important seafood market. There is a healthy demand for the Group's products. Competition on the international food markets means that the company must continue its quest for profitable growth and customer satisfaction through cost-effective and market-oriented solutions. The Board of Directors believes that the Group's strategic business development over the past few years, together with underlying productivity improvements and market-oriented structure, ensures a robust platform for earnings in the years to come.

Bergen, 29 March 2011






Responsibility statement from the Board of Directors and CEO

We declare, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2011 are prepared in conformance with current, applicable accounting standards, and give a good and fair view of the company's and the Group's assets, liabilities, financial position and profit or loss as a whole. We also declare that the annual report gives a fair view of the company's and the Group's development and position, together with a description of the principle risks and uncertainties facing the entity and the Group.

Bergen, 29 March 2012

Helge Singelstad
Chairman of the Board

Fons Brusselmans
Board member

Arne Møgster
Board member

Britt Kathrine Drivenes
Board member

Hege Charlotte Bakken
Board member

Hans Petter Vestre
Employee representative

Henning Beltestad
CEO

Proud ambassador. Fredrik Hald during the Topidrettsveka sporting event in Kristiansund.

Income statement

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

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2011	2010
OPERATING REVENUES AND COSTS			
Operating revenues	13	**9 176 873**	8 887 671
Cost of materials		**6 184 793**	5 479 869
Change in inventories		**-318 613**	132 291
Salaries and other personnel costs	11/14	**967 789**	777 845
Other operating costs		**858 107**	691 791
EBITDA		**1 484 797**	1 805 874
Depreciation	2/3	**271 899**	219 624
Operating profit before biomass adjustment		**1 212 898**	1 586 249
Adjustment of biomass to fair value	7	**-615 767**	298 538
Operating profit		**597 131**	1 884 787
ASSOCIATED UNITS AND NET FINANCIAL COSTS			
Income from associated companies	4	**19 741**	122 006
Net financial items	15	**-81 884**	-66 272
Profit before tax		**534 988**	1 940 521
Taxation	12	**-156 311**	-510 952
Annual profit		**378 677**	1 429 569
Of which controlling interests		**382 705**	1 419 507
Of which non-controlling interests		**-4 028**	10 062
Earnings per share	**16**	**7,01**	26,25
Diluted earnings per share	16	**7,01**	26,25

Note regarding accounting principles and notes 1-21 are an integral part of the consolidated accounts

Comprehensive income

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

LERØY SEAFOOD GROUP CONSOLIDATED	2011	2010
The year's result to equity	**378 677**	1 429 569
Conversion differences, etc.	**1 492**	2 619
Change in fair value of financial instruments (hedges)	**-5 161**	0
Change in value from associated companies	**126**	0
COMPREHENSIVE INCOME	**375 134**	1 432 188
Of which controlling interests	**379 166**	1 422 340
Of which non-controlling interests	**-4 032**	9 848

Note regarding accounting principles and notes 1-21 are an integral part of the consolidated accounts

Balance sheet

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	31.12.11	31.12.10
FIXED ASSETS			
Deferred tax asset	12	**6 546**	3 697
Licences, rights and goodwill	2	**3 878 873**	3 847 760
Buildings, real estate, operating accessories	3	**1 836 384**	1 586 334
Shares in associated companies	4	**329 168**	338 864
Shares available for sale	4	**23 173**	22 989
Long-term receivables		**8 453**	8 129
TOTAL FIXED ASSETS		**6 082 597**	5 807 773
CURRENT ASSETS			
Biological assets	7	**2 370 938**	2 706 733
Other inventories	8	**328 045**	290 379
Accounts receivable	9	**934 443**	1 013 932
Other receivables	5/9	**148 395**	176 282
Cash and cash equivalents	6	**1 597 429**	1 357 096
TOTAL CURRENT ASSETS		**5 379 250**	5 544 422
TOTAL ASSETS		**11 461 847**	11 352 195

Note regarding accounting principles and notes 1-21 are an integral part of the consolidated accounts

Balance sheet

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	31.12.11	31.12.10
EQUITY			
Share capital	20	**54 577**	54 577
Own shares		**-20 479**	-12 355
Share premium reserve		**2 731 690**	2 731 690
Total paid-in capital		**2 765 788**	2 773 912
Other equity		**2 497 047**	2 671 798
Total retained earnings		**2 497 047**	2 671 798
Non-controlling interests		**534 931**	548 564
TOTAL EQUITY		**5 797 766**	5 994 274
LONG-TERM LIABILITIES			
Long-term interest-bearing debt	6/18	**2 429 365**	2 221 701
Other long-term debt		**0**	1 312
Deferred tax	12	**1 083 693**	1 260 028
Pension liabilities	11	**7 812**	9 025
Other long term liabilities	5	**7 168**	0
Total long-term liabilities		**3 528 038**	3 492 066
SHORT-TERM LIABILITIES			
Accounts payable		**705 165**	638 213
Short-term loans	6	**760 977**	434 121
Public duties payable		**62 386**	74 312
Taxes payable	12	**322 105**	395 233
Other short-term liabilities	10	**285 410**	323 976
Total short-term liabilities		**2 136 043**	1 865 855
TOTAL LIABILITIES		**5 664 081**	5 357 921
SUM EQUITY AND LIABILITIES		**11 461 847**	11 352 195

Note regarding accounting principles and notes 1-21 are an integral part of the consolidated accounts

Bergen 29 March 2012
Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Board chairman

Fons Brusselmans

Arne Møgster

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employees' representative

Henning Beltestad
Group CEO

Statement of cash flow

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

LERØY SEAFOOD GROUP CONSOLIDATED	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**534 988**	1 940 521
Taxes paid during the period	**-407 229**	-94 915
Depreciation	**271 899**	219 624
Profit impact associated companies	**-19 741**	-122 006
Change in value adjustment in biological assets	**616 741**	-298 538
Change in inventories/biological assets	**-313 670**	-133 265
Changes in accounts receivable	**86 893**	-67 458
Changes in accounts payable	**51 911**	-8 312
Change in net pension liabilities/premium fund	**-1 213**	-5 965
Net financial items classified as financing activities	**81 884**	66 272
Currency translation differences	**-438**	0
Change in other accruals	**-29 211**	11 670
Net cash flow from operating activities	**872 814**	1 507 628
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	**17 462**	12 761
Payments for acquisitions of fixed assets	**-534 122**	-280 510
Payments for acquisitions of intangible assets	**-9 405**	-1 782
Proceeds from sale of shares in other businesses	**0**	186
Payments for acquisitions of shares in other businesses	**-1 675**	-18 441
Dividend payments received from associated companies	**29 336**	47 540
Payments for acquisition of Group companies	**-22 754**	-540 000
Proceeds/payments on other loans (short and long-term)	**-254**	3 919
Net cash flow from investing activities	**-521 412**	-776 327
CASH FLOWS FROM FINANCING ACTIVITIES		
Movement in short-term interest-bearing debt	**319 513**	-305 200
Proceeds from establishing new long-term debt	**575 896**	793 257
Downpayments of long-term debt	**-362 278**	-268 906
Interest payments received	**41 229**	16 705
Interest paid	**-123 113**	-82 977
Equity contributions	**0**	131 300
Repurchase of equity interests	**-15 198**	0
Dividends paid	**-565 939**	-375 452
Net cash flow from financing activities	**-129 890**	-91 273
Net cash flow in the accounting period	**221 512**	640 028
Cash and cash equivalents at start of period	**1 357 096**	707 989
Cash and cash equivalents from business combinations	**18 821**	9 079
Cash and cash equivalents at end of period	**1 597 429**	1 357 096
This consists of:		
Bank deposits, etc.	**1 597 429**	1 357 096
Of which restricted funds	**33 205**	33 179
Unused overdraft facilities	**920 230**	1 073 099

Change in equity

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Share capital	Own Shares	Premium reserve	Other equity	Non-controlling interests	Total equity
Equity 01.01.10	**53 577**	**-12 355**	**2 601 390**	**1 639 076**	**18 568**	**4 300 256**
Comprehensive income 2010				1 422 340	9 848	1 432 188
Share issue	1 000		130 300			131 300
Withdrawal non-controlling interests				-13 595	-3 955	-17 550
Non-controlling interests from business combinations					524 959	524 959
Dividend paid on own shares				1 608		1 608
Dividend payments				-376 205	-856	-377 061
Impact of option program				-1 426		-1 426
Equity 31.12.10	**54 577**	**-12 355**	**2 731 690**	**2 671 798**	**548 564**	**5 994 274**
Comprehensive income 2011				379 166	-4 032	375 134
Disposal of Group company				250	-250	0
Withdrawal non-controlling interests				-3 618	-2 648	-6 266
Non-controlling interests from business combinations					15 761	15 761
Purchase of own shares		-8 124				-8 124
Impact of option program				-7 074		-7 074
Dividend payments				-545 774	-22 464	-568 238
Dividend paid on own shares				2 299		2 299
Equity 31.12.11	**54 577**	**-20 479**	**2 731 690**	**2 497 047**	**534 931**	**5 797 766**

Own shares

In 2011, Lerøy Seafood Group ASA acquired 100,000 own shares at a price of NOK 81.24 per share. As of 31.12.2011, Lerøy Seafood Group ASA has a total holding of 329,776 own shares. The average price paid is NOK 62.10 per share.

Notes Lerøy Seafood Group consolidated 2011

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

ACCOUNTING PRINCIPLES

Lerøy Seafood Group ASA is registered in Norway and is listed on the Oslo Stock Exchange. The company's consolidated accounts for the accounting year 2011 include the company and its subsidiaries (collectively referred to as «the Group») and the Group's share in associated companies. Lerøy Seafood Group is a subsidiary of Austevoll Seafood ASA (62.56%), which in turn is owned (55.55%) by Laco AS.

The annual accounts were submitted by the Board of Directors on 29 March 2012.

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

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

(B) BASIS FOR PREPARING THE ACCOUNTS

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

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

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

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

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

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

The consolidated accounts are submitted on assumption of going concern.

(C) PRINCIPLES OF CONSOLIDATION

Subsidiaries

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

Upon acquisition of subsidiaries, the acquisition price of shares in the parent company is eliminated against the equity in the subsidiaries at the time of acquisition. The difference between acquisition price and net book value of the assets in the subsidiaries at the time of acquisition is assigned to the assets to which the premium is linked within the market value of these assets. The part of the acquisition price that cannot be ascribed to specific assets, represents goodwill. Acquisitions effectuated before 1 January 2004 are not corrected as a consequence of the transition to IFRS (use option is exercised).

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

For all acquisitions in the period from and including 2010, the Group has chosen to book all assets (including goodwill) at 100% of fair value identified at the time of acquisition. This implies that non-controlling interests are also attributed a share of goodwill. Ref. note 21 for more detailed information on the business combinations throughout the year.

The consolidated accounts comprise the

parent company Lerøy Seafood Group ASA and the subsidiaries Hallvard Lerøy AS, Lerøy Midnor AS, Lerøy Aurora AS (Group), Lerøy Hydrotech AS (Group), Lerøy Vest AS (Group), Sjøtroll Havbruk AS (Group), Lerøy Fossen AS, Lerøy Alfheim AS, Lerøy Delico AS (Group), Lerøy Trondheim AS, Lerøy Fisker'n AS, Bulandet Fiskeindustri AS (subsidiary of Hallvard Lerøy AS), Lerøy & Strudshavn AS, Sandvikstomt 1 AS, Lerøy Quality Group AS (subsidiary of Hallvard Lerøy AS), Lerøy Sjømatgruppen AS (subsidiary of Hallvard Lerøy AS) and the overseas subsidiaries Nordvik SA, Inversiones Seafood Ltda, SAS Hallvard Lerøy Group (subsidiary of Hallvard Lerøy AS), Lerøy Portugal Lda, Jokisen Eväät OY (Group), Lerøy Sverige AB (Group) and Lerøy Smøgen Holding AB (Group).

Intragroup transactions, receivables and liabilities are eliminated.

Non-controlling interests

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

Associated companies

Associated companies are companies on which the Group has significant influence through a non-controlling interest of between 20% and 50% of voting equity. Joint ventures are companies where the group owns 50% of the voting capital and a defined unit or group of investors owns the remaining 50%. Investments in associates and joint ventures are accounted for according to the equity method. The investment is capitalised at acquisition cost at the time of purchase. The Group's share of the result after tax, as well as depreciation and write-downs of any added value, are booked on the income statement and added to the capitalised value of the investment together with the respective share of changes in equity not booked in the income statement, such as dividend. In the income statement, the Group's respective share of profit is shown under Financial Items, while the assets are shown in the Balance Sheet under Financial fixed assets. The Group's share of unrealised profit on transactions between the Group and the respective company, is eliminated. Accounting principles for associates and joint ventures are changed whenever necessary to ensure consistency with the principles applied for the Group (IFRS).

(D)) OPERATING REVENUES

Operating revenues from sale of goods are booked when a decisive part of risk and ownership benefits have been transferred to the buyer, which normally is at the time of delivery. Operating revenues from services performed, are booked in the income statement according to the transactions' degree of completion on the balance sheet day. Degree of completion is assessed by means of a review of work completed.

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

(E) REPORTING BY SEGMENT

The Group's primary business segments are Sale & Distribution and Production. This segmentation is chosen according to type of organisation and commercial risk. Production consists of the companies Lerøy Midnor AS, Lerøy Aurora AS (Group), Lerøy Hydrotech AS (Group), Lerøy Vest AS (Group), Sjøtroll Havbruk AS (Group), Lerøy Fossen AS, Sigerfjord Fisk AS, SAS Fish Cut, SAS Eurosalmon, Inversiones Seafood Ltda, Bulandet Fiskeindustri AS and Lerøy Smøgen Seafood AB (Group). «Sale & Distribution» comprises Hallvard Lerøy AS, Lerøy Sverige AB (Group), Lerøy Alfheim AS, Lerøy Portugal Lda, Nordvik SA, Lerøy & Strudshavn AS, SAS Hallvard Lerøy, Lerøy Quality Group AS, Lerøy Trondheim AS, Lerøy Delico AS (Group), Lerøy Fisker'n AS and Lerøy Sjømatgruppen AS and Jokisen Eväät OY. Lerøy Seafood Group ASA is not assigned to either of the segments.

The secondary segmentation for the Group is by geographical distribution. The distribution reflects the Group's main geographical markets.

(F) CURRENCY AND DERIVATIVES

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

(G) INTANGIBLE ASSETS

Goodwill

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

When assessing the need to write down the value of goodwill, this is allocated to applicable cash-generating units. The alloca-

Notes Lerøy Seafood Group consolidated 2011

tion goes to the cash-generating units or groups that are expected to benefit from the acquisition.

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

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

The estimated useful life of operating assets is estimated as:

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

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

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

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

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

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

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

(M) SHARES
Shares are booked at fair value on balance sheet day. Shares not anticipated to be sold within 12 months from balance sheet day, are classified as fixed assets (shares available for sale). Changes in the values of these shares are charged against comprehensive income. Shares held for trading purposes and that are expected to be sold within 12 months from balance sheet day, are classified as current assets. Changes in the values of these shares are recognised on the income statement.

(N) PENSIONS
The Group companies have different pension schemes, which in general are financed by payments to an insurance company or pension fund. The payments are determined by periodic actuarial calculations. In the Group there are both defined contribution and defined benefit pension schemes.

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

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

The capitalised commitment associated with defined benefit schemes is the present value of the defined benefits on the balance sheet date less fair value of the pension funds as adjusted for non-recognised estimate deviations and non-recognised costs associated with pension benefits earned in earlier periods. Pension liabilities are calculated annually by an independent actuary according to the straight line accrual method. The present value of defined benefits is found by discounting estimated future payments by the interest rate on a bond issued by a company with a high credit rating in the same currency as that in which the benefits will be paid, and with a maturity approximately equal to the duration of the associated pension liability.

(O) TAX
Tax payable in the income statement includes both the tax payable during the

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

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

(P) INTEREST-BEARING LOANS AND OVERDRAFT FACILITIES

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

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

(Q) DIVIDEND

Dividend is booked when it has been adopted by the general meeting.

(R) SHARE-BASED REMUNERATION

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

(S) PROVISIONS AND OTHER COMMITMENTS

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

(T) SHARE CAPITAL AND SHARE PREMIUM

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

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

(U) CASH FLOW STATEMENT

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

(V) FINANCIAL RISK MANAGEMENT

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

Currency risk

The Group has international operations requiring a number of currencies, and is thus exposed to currency risk. Forward exchange contracts together with negative and positive balances on multi-currency accounts, are used to hedge, as far as possible, against the currency risk in customer receivables and executed sales contracts, as well as on-going contract negotiations. Claims, debts, deposits, futures and sales contracts are booked at the exchange rate on the accounting day. The company seeks to keep the net exposure associated with monetary assets and liabilities in foreign currency on an acceptable level by buying and selling foreign currency at day-rates whenever necessary to counter any short-term imbalances. Currency derivatives are traded to hedge future income payments in accordance with the Group's strategy for currency risk management. An overview of currency derivatives as per 31.12.2011 is shown in note 5.

Interest risk

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

Price risk

The developments in global salmon and trout prices have a considerable impact on

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

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

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

(W) NEW AND AMENDED STANDARDS IMPLEMENTED BY THE GROUP
For the 2011 annual accounts, there are no new or amended IFRS standards nor IFRIC interpretations which are deemed or expected to have a significant impact on the Group.

The Group has not adopted early utilisation of any new or amended IFRS standards or IFRIC interpretations.

IAS 19 «Employee benefits» was amended in June 2011. The amendment required all changes in estimates to be recognised in comprehensive income when applicable (no corridor), an immediate recognition of all costs incurred from pension contributions from earlier periods and replacement of interest costs and estimated yield from pension funds with a net interest figure estimated by applying a discount rate on net pension liability (asset). The Group does not expect this amendment to IAS 19 to have any significant impact on the consolidated accounts, as the Group's pensions schemes are mainly defined contribution schemes, and due to the fact that the total figure for non-recognised estimate changes for defined benefit schemes as of 31.12.2011 is insignificant.

IFRS 10 «Consolidated Financial Statements» is based on the current principles of utilising the concept of control as the decisive criteria for determining whether a company is to be included in a parent company's consolidated accounts. IFRS 12 «Disclosures of Interest in Other Entities» contains a disclosure requirement for economic interests in subsidiaries, joint ventures, associated companies, special purpose entities (SPE) and other companies not carried. The Group plans to utilise the standards for the accounting period starting on 1 January 2013 and later. The standards are not expected to require any significant changes for the Group.

IFRS 13 «Fair Value Measurement» provides a definition of fair value when this term is utilised in the context of IFRS, and provides a uniform description of how fair value is to be determined in IFRS and the supplementary information to be disclosed when utilising fair value. The Group has not completed its analysis of the impact of IFRS 13, but plans to apply IFRS 13 once the standard comes into effect and has been approved by the EU.

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

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

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

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

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

NOTE 1 IMPORTANT ACCOUNTING ESTIMATES AND ASSESSMENTS

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

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

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

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

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

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

A sensitivity analysis for the prices of Atlantic salmon and trout at 31.12.2011, shows the following impact on the Group's operating result (NOK 1 000):

Price change -5 NOK/kg	-52 455
Price change -2 NOK/kg	-32 273
Price change -1 NOK/kg	-18 882
Price change +1 NOK/kg	20 131
Price change +2 NOK/kg	41 301
Price change +5 NOK/kg	112 443

Reference is also made to the information in note 7.

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

NOTE 2 INTANGIBLE ASSETS

(All figures in NOK 1 000)

2010	Goodwill	Licences/ rights	Total
1 January 2010			
Acquisition costs	1 669 634	1 295 578	2 965 212
Accumulated depreciation		-5 601	-5 601
Balance sheet value 01.01.10	**1 669 634**	**1 289 977**	**2 959 611**
Accounting year 2010			
Balance sheet value 01.01.10	1 669 634	1 289 977	2 959 611
Conversion differences	-67	1 486	1 419
Acquisition of subsidiaries	205 954	673 513	879 467
Acquisition of intangible assets		9 358	9 358
Depreciation for the year		-2 095	-2 095
Balance sheet value 31.12.10	**1 875 521**	**1 972 239**	**3 847 760**

(Continued on next page)

Notes Lerøy Seafood Group consolidated 2011

31 December 2010			
Acquisition cost	1 875 521	1 979 935	3 855 456
Accumulated depreciation		-7 696	-7 696
Balance sheet value 31.12.10	**1 875 521**	**1 972 239**	**3 847 760**
Assets with unlimited useful life	1 875 521	1 915 716	3 791 237
Assets with limited useful life (water rights)		56 523	56 523
Balance sheet value 31.12.10	**1 875 521**	**1 972 239**	**3 847 760**

2011	Goodwill	Licences/ rights	Total
Accounting year 2011			
Balance sheet value 01.01.11	1 875 521	1 972 239	3 847 760
Conversion differences	-70	629	559
Acquisition of subsidiaries	23 140	46	23 186
Acquisition of intangible assets		10 966	10 966
Disposal of subsidiaries	-1 444	-237	-1 681
Depreciation for the year		-1 916	-1 916
Balance sheet value 31.12.11	**1 897 147**	**1 981 727**	**3 878 873**
31 December 2011			
Acquisition cost	1 897 147	1 991 048	3 888 195
Accumulated depreciation	0	-9 322	-9 322
Balance sheet value 31.12.11	**1 897 147**	**1 981 726**	**3 878 873**
Assets with unlimited useful life	1 897 147	1 927 022	3 824 169
Assets with limited useful life (water rights)	0	54 704	54 704
Balance sheet value 31.12.11	**1 897 147**	**1 981 726**	**3 878 873**

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

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

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

IMPAIRMENT TEST FOR GOODWILL

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

	2011	2010
Production	1 814 648	1 816 142
Sale & Distribution	82 499	59 379
Total goodwill	**1 897 147**	1 875 521

The impairment test for cash-generating units is based on estimated present values of future cash flows. The analysis is based on the budget for 2012 and on estimated values for the years 2013 to 2016. After 2016, a terminal value is calculated based on an estimated result for 2016. Real growth has not been considered when calculating the terminal value. A yield requirement rate of 11.8% before tax has been used in the calculation.

The test did not give grounds for impairment charges in 2011. Calculations made by management demonstrate that that the conclusion is robust regarding changes in assumptions, including the assumption for future prices of salmon.

LICENCES AND RIGHTS

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

	2011	2010
Production	1 980 395	1 970 973
Sale & Distribution	1 331	1 266
Total licences and rights	**1 981 726**	1 972 239

Licences/rights are associated with production of salmon and trout in Norway, including young fish. Synergy effects are expected from a coordination of the Group's fish farming licences in Norway. As shown above, the test for impairment gave no grounds for impairment charges on goodwill in 2011, and therefore there is no basis for impairment charges on licences.

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

NOTE 3 TANGIBLE FIXED ASSETS

(All figures in NOK 1 000)

2010	Real estate	Buildings	Machines, furnishings, equip.,etc	Total
1 January 2010				
Acquisition cost	20 916	488 411	1 511 200	2 020 527
Accumulated depreciation		-127 644	-667 484	-795 128
Balance sheet value 01.01.10	**20 916**	**360 767**	**843 716**	**1 225 399**
Accounting year 2010				
Balance sheet value 01.01.10	20 916	360 767	843 716	1 225 399
Conversion differences		-67	-155	-222
Tangible fixed assets acquired	2 876	46 007	236 225	285 108
Effect of business combinations		69 107	237 266	306 373
Tangible fixed assets sold	-650	-2 688	-9 471	-12 809
Depreciation for the year		-26 812	-190 703	-217 515
Balance sheet value 31.12.10	**23 142**	**446 314**	**1 116 878**	**1 586 334**

(Continued on next page)

31 December 2010				
Acquisition cost	23 142	595 200	1 940 980	2 559 322
Accumulated depreciation		-148 886	-824 102	-972 988
Balance sheet value 31.12.10	**23 142**	**446 314**	**1 116 878**	**1 586 334**

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

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

NOTE 4 SUBSIDIARIES, ASSOCIATED COMPANIES, ETC.

(All figures in NOK 1 000)

An overview of subsidiaries in Lerøy Seafood Group ASA is shown below. For additional information, see also note 3 in Lerøy Seafood Group ASA's annual accounts.

Company	Location	Ownership / voting shares
Lerøy Hydrotech AS	Kristiansund	100%
Lerøy Midnor AS	Hitra	100%
Lerøy Fossen AS	Bergen	100%
Lerøy Aurora AS	Tromsø	100%
Lerøy Vest AS	Bergen	100%
Sjøtroll Havbruk AS	Austevoll	50.71%
Hallvard Lerøy AS	Bergen	100%
Lerøy Smögen Holding AB	Smögen, Sweden	100%
Lerøy Sverige AB	Gothenburg, Sweden	100%
Lerøy Alfheim AS	Bergen	100%
Lerøy Delico AS	Stavanger	100%
Lerøy Trondheim AS	Trondheim	100%
Lerøy Fisker'n AS	Oslo	100%
Inversiones Seafood Ltda	Chile	100%
Lerøy & Strudshavn AS	Bergen	100%
Jokisen Eväät OY	Finland	68%
Nordvik SA	Boulogne, France	90%
Lerøy Portugal Lda	Portugal	60%
Sandvikstomt 1 AS	Bergen	100%

In January 2011, Lerøy Seafood Group ASA acquired 51.0% of the shares in the Finnish company, Jokisen Eväät OY, for a sum of EUR 1,665. This shareholding was subsequently increased to 68.0% through a private placement with Lerøy Seafood Group ASA in December 2011. The issue price was EUR 1,000. The total acquisition cost in Norwegian kroner amounts to NOK 20,616.

There have also been several minor changes in the Group in 2011. On 1 April 2011, Lerøy Delico AS acquired the remaining 49.0% of the shares in Sirevaag AS for NOK 6,000. Sirevaag AS also increased its shareholding in Åkra Sjømat AS by 34.0%, from 34.0% to 68.0% on the same date. The acquisition cost minus dividend for the shares purchased was NOK 3,583. In December 2011, Lerøy Hydrotech AS increased its shareholding in Nordmøre Islager AS from 50% to 100%. The price for 50.0% of the shares in this company totalled NOK 675. The shares in Sigerfjord Fisk AS (95.59%) were sold in January 2011.

Associated companies	Norskott Havbruk AS	Alfarm Alarko Leroy	Others	Total value
Calculation of balance sheet value 31.12.11				
Opening balance 01.01.11	303 137	19 693	16 034	338 864
Share of the year's result	13 725	3 193	2 823	19 741
The year's purchases, disposals and capital paid in			-1 908	-1 908
Dividend	-28 521		-815	-29 336
Currency impacts, etc.	4 592	-2 911		1 681
Other changes	126			126
Closing balance 31.12.11	**293 059**	**19 975**	**16 134**	**329 168**
Place of business	Bergen	Istanbul, Turkey		
Ownership/voting shares	50%	50%		
Acquisition cost	163 273	11 546		
Financial information (100%):				
Assets	1 201 329	49 608		
Liabilities	516 210	9 658		
Equity	685 119	39 950		
Turnover	797 421	126 845		
Annual result	27 450	6 391		

The accounting figures for associated companies, as shown above, are prepared in accordance with IFRS. Norskott Havbruk AS (Group) has fish farming activities in Scotland. Key figures for the company's inventory of fish in sea are as follows for 2011.

	100%	50%
Total fish in sea (LWT)	18 873	9 437
Value adjustment of biological assets	9 353	4 677
Cost price of biological assets	463 160	231 580
Balance sheet value of biological assets 31.12.2011	**472 513**	**236 256**

Value adjustment of biological assets	100%	50%
Value adjustment 1.1.2011	99 793	49 897
Impact of adjustment on annual result	-90 440	-45 220
Value adjustment 31.12.2011	**9 353**	**4 677**

Shares available for sale	Location	Ownership / voting shares	Cost price	Fair value
AquaGen AS	Trondheim	2.52%	1 000	21 558
Bulandet Eiendom AS	Bulandet	12.67%	625	625
NOFI Oppdrettsservice AS	Skjervøy	13.00%	325	325
Diverse mindre aksjeposter			665	665
Total shares available for sale			**2 615**	**23 173**

The valuation of the shares in AquaGen is based on an actual share purchase in 2007, whereby EW Group purchased 50.17% of the company for NOK 430,000. Subsequent to this transaction, Lerøy Seafood Group ASA carried out a value adjustment of the shares in AquaGen AS, increasing the book value by NOK 20,558. The entire value adjustment was booked against consolidated equity. As of 2011, the value of the shares is deemed as unchanged.

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NOTE 5 FINANCIAL INSTRUMENTS

(All figures in NOK 1 000)

CURRENCY FORWARD CONTRACTS

The table below shows the company's currency forward contracts per 31.12.2011. They are for purchase or sale against NOK.

Currency	Currency amount	Forward exchange rate	Amount in NOK	Exchange rate 31.12.11	Est. fair NOK value currency futures 31.12.11
EURO	48 420	7.787	377 046	7.7718	736
USD	48 420	5.786	280 136	6.0065	-10 698
JPY	1 581 300	0.075	118 470	0.0774	-3 975
SEK	78 800	0.856	67 467	0.8683	-954
GBP	4 230	9.105	38 514	9.2695	-696
AUD	50	5.852	293	6.0969	-12
Total					**-15 600**

The positions as of 31.12.11 have an estimated net positive market value of NOK 15 600. The currency forward contracts are booked at fair values and are classified as other short-term receivables as of 31.12.11.

The Group classifies currency futures as hedging of the fair value of a capitalised asset, liability or a not booked binding commitment (fair value hedging). Currency futures together with negative and positive balances on multi-currency accounts, are used to hedge, as far as possible, against the currency risk in customer receivables and executed sales contracts, as well as on-going contract negotiations. Claims, debts, deposits, futures and sales contracts are booked at the exchange rate on the accounting day. The company seeks to keep the net exposure associated with monetary assets and liabilities in foreign currency on an acceptable level by buying and selling foreign currency at day-rates whenever necessary to counter any short-term imbalances.

INTEREST SWAPS

Lerøy Seafood Group ASA entered into an interest rate swap agreement in November 2011, with a nominal fixed figure of NOK 500 000 and a duration of 10 years. The interest swap agreement is recognised as accounting-related hedging (cash flow hedging). The agreed fixed rate of interest during the period is 3.55%. In January 2012 Lerøy Seafood Group ASA entered into a new similar interest swap agreement of NOK 500 000 with a fixed rate of interest of 3.29%.

Change in fair value	Gross commitment carried	Related deferred tax	Impact on equity
Fair value at start-up, 17 October 2011			0
Change in value in subsequent period	-7 168	2 007	-5 161
Fair value 31.12.2011	**-7 168**	**2 007**	**-5 161**

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

FINANCIAL FISH POOL CONTRACTS

The subsidiaries Hallvard Lerøy AS and Sjøtroll Havbruk AS entered into financial sales contracts (derivates) for fish in Fishpool in 2010. The derivates are valued at fair value over result through the accounting item adjustment of biomass to fair value. In the balance sheet, fair value is specified under other short-term receivables or other short-term liabilities. The contracts expired in 2011. See note 7 for further information.

FINANCIAL INSTRUMENTS BY CATEGORY

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

31.12.2010 - Assets	Claims and receivables	Assets at fair value over result	Derivatives used for hedging	Available for sale	Total
Shares available for sale				22 989	22 989
Customer and other receivables *	1 020 689		28 338		1 049 027
Cash and cash equivalents	1 357 096				1 357 096
Total	**2 377 785**	**0**	**28 338**	**22 989**	**2 429 112**

31.12.2010 - Liabilities	Financial liabilities at amortized cost	Liabilities at fair value over result	Derivatives used for hedg-ing	Other financial liabilities	Total
Loans (excl. financial leasing)	2 449 916				2 449 916
Financial leasing	215 814				215 814
Trade payables and other debt **				638 213	638 213
Financial fishpool contracts		974			974
Total	2 665 730	**974**	**0**	**638 213**	**3 304 917**

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

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

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

FINANCIAL INSTRUMENTS AT FAIR VALUE BY LEVEL

The table below shows financial instruments as of 31.12 at fair value according to valuation method.
The different levels are defined as follows:
Level 1: Price listed on an active market for an identical asset or liability
Level 2: Valuation based on other observable factors than price listed (used in level 1), either direct (price) or indirect (derived from prices) for the asset or liability
Level 3: Valuation based on factors not obtained from observable markets (non-observable premises)

(Continued on next page)

Notes Lerøy Seafood Group consolidated 2011

31.12.2011 - Assets	Level 1	Level 2	Level 3
Financial assets available for sale			
– Shares			23 173
Total			**23 173**

31.12.2011 - Liabilities	Level 1	Level 2	Level 3
Derivatives utilised for hedging			
– Value hedging		15 600	
– Cash flow hedging		7 168	
Total		**22 768**	

NOTE 6 LOANS, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2011	2010
Long-term interest-bearing debt		
Debt to credit institutions, etc.	2 496 860	2 357 886
Leasing liabilities (se note 18)	291 841	215 815
Next year's instalments on long-term liabilities	-359 336	-352 000
Total long-term interest-bearing debt 31.12	**2 429 365**	2 221 701
Short-term interest-bearing debt		
Debt to credit institutions (multi-currency credit)	401 642	82 121
Next year's instalments on long-term liabilities	359 336	352 000
Total short-term interest-bearing debt 31.12	**760 977**	434 121
Total interest-bearing debt 31.12	**3 190 343**	2 655 822

	2011	2010
Bank deposits	1 597 429	1 357 096
Net interest-bearing debt 31.12	**1 592 914**	1 298 726
Loans secured by mortgages		
Long-term debt to credit institutions, etc.	2 496 860	2 357 886
Short-term debt to credit institutions (multi-currency credit)	401 642	82 121
Leasing liabilities	291 841	215 815
Total liabilities secured by mortgages 31.12	**3 190 343**	2 655 822
Mortgaged assets		
Customer and other receivables	331 578	295 020
Shares in associated companies (Norskott Havbruk AS)	293 059	303 137
Biological assets and other goods	2 485 347	2 838 668
Buildings and other fixed assets	1 836 384	1 591 204
Licences	1 569 785	1 561 285
Total	**6 516 153**	6 589 314
Long-term loans with maturities over 5 years		
Debt to credit institutions etc. and leasing liabilities	737 795	509 572
Total	**737 795**	509 572

Interest-bearing debt specified by currency	2011	2010
NOK	3 134 042	2 626 390
SEK	47 871	19 828
EUR	8 429	9 604
Total	**3 190 343**	2 655 822

Payment profile financial liablities	2012	2013	2014	2015	2016	Etter 2016	Sum
Instalment profile long-term debt							
Instalments on bank loans	309 717	308 150	370 010	391 088	455 946	661 950	2 496 860
Instalments on leasing debt	49 619	49 158	45 716	41 811	29 693	75 845	291 841
Total	**359 336**	**357 308**	**415 725**	**432 898**	**485 639**	**737 795**	**2 788 701**
Interest payment profile long-term debt							
Interests on bank loans	89 759	76 251	62 602	50 914	34 414	81 770	395 710
Interests on leasing debt	9 703	8 234	6 967	5 701	4 434	8 676	43 715
Total	**99 462**	**84 485**	**69 569**	**56 615**	**38 848**	**90 446**	**439 425**
Other short-term financial liabilities							
Overdraft	401 642						401 642
Accrued interests	10 220						10 220
Total	**411 862**	**0**	**0**	**0**	**0**	**0**	**411 862**
Total	**8 70 660**	**441 792**	**485 294**	**489 513**	**524 488**	**828 240**	**3 639 988**

Instalments in 2012 are classified as short-term debt in the balance sheet (short-term credits).

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

Financial «covenants»

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

None of the Group companies have been in breach of their covenants in 2011.

Fair value, borrowing costs etc

Book value of long-term debt approximates fair value. There are no significant new loan charges that are not amortised over the life of the loan.

An increase (reduction) in the interest level of 1% would have caused an increase (reduction) in interest costs of NOK 15 929 for 2011. Net interest-bearing debt per 31.12.2011 has been used as the base for this calculation.

Interest swap agreements

Lerøy Seafood Group ASA has entered into an interest swap agreement of 10 years, with a nominal fixed amount of NOK 500 000. See note 5 for further informasjon. In January 2012 Lerøy Seafood Group ASA entered into a new similar interest swap agreement of NOK 500 000 with a fixed rate of interest of 3.29%.

Notes Lerøy Seafood Group consolidated 2011

NOTE 7 BIOLOGICAL ASSETS

(All figures in NOK 1 000)

	2011	2010
Biological assets 01.01	**2 706 733**	1 858 562
Increase due to added costs during the year	3 476 843	2 593 509
Reduction due to sale/harvesting	-3 195 897	-2 490 461
Increase/reduction due to business combinations		445 611
Change in value adjustment of biological assets (earnings impact)	-616 741	299 512
Biological assets 31.12	**2 370 938**	2 706 733

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

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

	2011	2010
Total fish in sea (LWT)	100 573	93 967
Harvestable fish (> 4kg LWT)	34 143	24 621
Value adjustment harvestable fish (> 4kg)	51 739	194 814
Value adjustment immature fish (< 4kg)	716	474 382
Total value adjustment of biological assets	52 455	669 196
Cost price of biological assets	2 318 483	2 037 537
Capitalised value of biological assets	**2 370 938**	2 706 733

The change in inventory of biological assets is based on internal costs. The change in cost price due to internal costs added, and decrease due to harvesting, amounts to NOK 280 946 in 2011 (NOK 2 318 483 - NOK 2 037 537). In the income statement, this change is carried as a change in inventory.

Fair value adjustment of biological assets	2011	2010
Fair value adjustment 01.01	669 196	296 435
Effect of business combinations		73 249
The year's earnings impact of value adjustment	-616 741	299 512
Fair value adjustment 31.12	**52 455**	669 196

Fair value adjustment of biological assets in income statement	2011	2010
Fair value adjustment biological assets	-616 741	299 512
Fair value adjustment Fishpool contracts	974	-974
Total fair value adjustment	**-615 767**	298 538

NOTE 8 OTHER INVENTORIES

(All figures in NOK 1 000)

	2011	2010
Feed, packaging materials, auxiliary and other raw materials	122 763	127 202
Finished goods / goods for sale	209 358	166 169
Write-down of inventories	-4 075	-2 992
Total other inventories	**328 046**	290 379

NOTE 9 RECEIVABLES

(All figures in NOK 1 000)

Customer receivables	2011	2010
Face value	953 971	1 032 846
Provision for bad debts	-19 528	-18 914
Total customer receivables	**934 443**	1 013 932

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

By end of February 2012 around 94% of customer receivables are paid in.

Customer receivables 31.12 - overdue, no provision		
0 to 3 months	261 272	148 595
3 to 6 months	5 851	1 666
More than 6 months	3 557	2 635
Total	**270 681**	**152 896**

Customer receivables 31.12 - overdue, provision		
0 to 3 months	9 739	12 776
3 to 6 months	3 682	1 195
More than 6 months	4 045	3 075
Total	**17 466**	**17 046**

Other receivables	2011	2010
VAT to be refunded	95 706	85 072
Pre-payments	20 397	42 597
Currency futures and impacts of fair value hedging	15 600	28 338
Other	16 692	20 275
Total other receivables	**148 395**	**176 282**

NOTE 10 OTHER SHORT-TERM LIABILITIES

(All figures in NOK 1 000)

Other short-term liabilities	2011	2010
Accrued wages and holiday pay	119 532	117 416
Impacts of fair value hedging (forward contracts)	15 600	28 338
Unrealised loss on derivates (Fishpool contracts)	0	974
Accrued interest costs	10 220	8 926
Accrued customer discounts	41 702	29 068
Other accruals	93 722	136 883
Other short-term liabilities	4 633	2 371
Total other short-term liabilities	**285 410**	323 976

NOTE 11 PENSIONS

(All figures in NOK 1 000)

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

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

Moreover, certain Group companies have defined benefit schemes, and other companies have unsecured schemes which are financed by operations. Information on the pension cost for the year is also provided in note 14.

Defined contribution scheme	**2011**	2010
Premium recognised for defined contribution scheme (including employers´ contribution)	22 519	24 058
Net pension cost, defined contribution scheme	**22 519**	24 058

Defined benefit scheme	**2011**	2010
Present value of future pension liabilities	11 240	12 720
Provision for undercoverage from old AFP scheme	1 284	1 743
Fair value of pension funds	-6 433	-5 483
Effect of estimate deviations not charged against income	1 722	45
Net pension liabilities	**7 813**	9 025
Net pension costs are determined as follows:		
Present value of the year's earned pensions	1 111	1 245
Interest costs on pension liabilities	324	469
Yield pension funds	-269	-326
Result of change in scheme (closing of old AFP scheme)	-498	-7 230
Profit impact of estimate deviations	-40	-392
Employer's national insurance contribution	172	190
Administration costs, etc.	89	74
Provision for undercoverage from old AFP scheme	0	1 743
Net pension cost, defined benefit scheme	**889**	-4 227
Change in capitalised liabilities		
Balance sheet value as of 01.01	8 850	14 990
Costs booked during the year (incl. transition to new scheme)	889	-4 227
Pension payments and payments of pension premiums	-1 925	-1 738
Balance sheet value at 31.12. defined benefit scheme	**7 813**	9 025
Economical assumptions		
Average discounting rate	3.3%	3.2%
Anticipated yield from pension funds	4.8%	5.6%
Regulation of National Insurance base rate (G)	3.8%	3.8%
Pension adjustment	0.7%	0.5%
Average wage increase (incl. career supplement)	4 - 5%	4 - 5%
Attrition	0 - 20%	0 - 20%
Utilisation percentage, Contractual Early Retirement Scheme	0%	0%

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

NOTE 12 TAXATION

(All figures in NOK 1 000)

	2011	2010
Tax payable	333 404	397 087
Change in deferred tax	-117 094	113 864
Total tax cost	**156 311**	510 952

Tax on the Group's pre-tax profit deviates from what it would have been if the Group's weighted average tax rate had been applied. The difference is determined as follows:

	2011	2010
Pre-tax result	534 988	1 940 521
Tax based on tax rates in the various countries	149 797	543 456
Net permanent differences, etc. (28%)	12 040	1 657
Share of profit in associated companies	-5 527	-34 162
Tax cost	**156 311**	510 952
Effective tax rate	29.2%	26.3%

Change in book value of deferred tax	2011	2010
Balance sheet value 01.01	1 256 331	930 417
Acquisitions, etc.	0	312 153
Currency conversion and other charges against equity	-2 090	-103
Recognised in the period	-177 094	113 864
Balance sheet value 31.12.	**1 077 147**	1 256 331
Capitalised deferred tax asset *)	-6 546	-3 697
Capitalised deferred tax	1 083 693	1 260 028

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

Deferred tax liabilities	Operating assets	Licences and rights	Goods/biol. assets	Total
01.01.2010	27 034	302 192	520 661	849 886
Recognised in the period	33 440	-45 620	107 383	95 203
Currency conversion and other charges against equity	-103			-103
Acquisitions etc.	8 516	177 664	131 053	317 232
31.12.10	**68 886**	**434 236**	**759 097**	**1 262 219**
Recognised in the period	-8 999		-145 042	-154 040
Currency conversion and other charges against equity	-83			-83
31.12.11	**59 804**	**434 236**	**614 055**	**1 108 095**

Deferred tax assets	Receivables	Other differences	Loss carried forward	Total
01.01.2010	-8 590	-393	-10 487	-19 470
Recognised in the period	11 619	4 361	2 681	18 661
Acquisitions, etc.	15	-5 094		-5 079
31.12.10	**3 043**	**-1 126**	**-7 806**	**-5 889**
Recognised in the period	-9 799	-4 830	-8 424	-23 053
Acquisitions, etc.		-2 007		-2 007
31.12.11	**-6 756**	**-7 963**	**-16 230**	**-30 949**

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Notes Lerøy Seafood Group consolidated 2011

	31-12-11	31-12-10
28% of positive temporary differences 31.12.	1 108 095	1 265 988
28% of negative temporary differences 31.12.	-30 949	-9 657
Net	**1 077 147**	1 256 331
Short-term tax positions	664 281	759 097
Long-term tax positions	412 866	497 235
Total	**1 077 147**	1 256 331

NOTE 13 OPERATING REVENUES/SEGMENT INFORMATION

(All figures in NOK 1 000)

Operating revenues	2011	2010
Sale of goods and services	9 152 759	8 872 700
Lease income	2 579	2 485
Damages received	1 634	5 076
Gain/loss from sale of fixed assets	14 060	2 757
Other operating revenues	5 841	4 654
Total operating revenues	**9 176 873**	8 887 672

Activity segments

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

2010	S&D	Prod.	Elimination/ unallocated	Group
External operating revenues	8 377 075	510 538	58	8 887 671
Internal operating revenues	292 862	4 205 832	-4 498 694	0
Total operating revenues	8 669 937	4 716 370	-4 498 636	8 887 671
Operating costs	8 414 624	3 331 253	-4 444 455	7 301 422
Operating profit before value adj. biol. assets	**255 313**	**1 385 117**	**-54 181**	**1 586 249**
Value adjustment of biological assets		298 538		298 538
Operating profit	**255 313**	**1 683 655**	**-54 181**	**1 884 787**
Profit from associated companies	2 795	119 011	200	122 006
Net financial items	-47	-58 021	-8 204	-66 272
Profit before tax	**258 061**	**1 744 645**	**-62 185**	**1 940 521**
Tax cost				-510 952
The year's result				1 429 569
Assets (excluding associated companies)	1 602 346	8 553 006	857 979	11 013 331
Associated companies	19 693	319 171		338 864
Total assets	**1 622 039**	**8 872 177**	**857 979**	**11 352 195**
Total liabilities	1 301 831	4 499 192	-443 102	5 357 921
Net investments	16 244	264 266		280 510
Depreciation	11 457	205 759	2 408	219 624

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

Product area	2011	%	2010	%
Whole salmon	4 074 006	44.4	4 430 165	49.8
Processed salmon	2 568 547	28.0	2 478 545	27.9
Whitefish	776 909	8.5	706 429	7.9
Trout	746 760	8.1	457 869	5.2
Shellfish	512 836	5.6	407 065	4.6
Pelagic	89 218	1.0	84 265	0.9
Other	408 598	4.5	323 334	3.6
Total operating revenues	**9 176 873**	**100.0**	8 887 671	100.0

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

Operating revenues	2011	%	2010	%
EU	4 608 299	50.2	4 865 127	54.7
Norway	1 870 843	20.4	1 365 119	15.4
Asia	1 036 871	11.3	987 187	11.1
USA & Canada	677 209	7.4	684 555	7.7
Rest of Europe	879 927	9.6	769 511	8.7
Other	103 723	1.1	216 171	2.4
Total operating revenues	**9 176 873**	**100.0**	8 887 671	100.0

Assets	2011	%	2010	%
Norway *	10 929 844	95.4	10 844 504	95.5
EU	501 960	4.4	479 266	4.2
Other countries	30 043	0.3	28 425	0.3
Total assets	**11 461 847**	**100.0**	11 352 195	100.0

* Most of the customer receivables in the subsidiary Hallvard Lerøy AS as of 31.12.2011 are from customers abroad (NOK 486 184 out of NOK 667 094). Customer receivables are covered by credit insurance or other forms of surety.

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Notes Lerøy Seafood Group consolidated 2011

Net investments	2011	%	2010	%
Norway	490 935	93.3	252 112	89.9
EU	32 715	6.2	23 768	8.5
Other countries	2 415	0.5	4 630	1.7
Total net investments	**526 065**	**100.0**	280 510	100.0

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

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

(All figures in NOK 1 000)

Payroll costs	2011	2010
Salary	769 530	639 673
Employer's national insurance contribution	101 789	80 619
Hired personnel	44 513	10 430
Pension costs [1]	23 408	19 830
Option costs	0	3 556
Other remuneration	8 886	10 751
Other personnel expenses	19 663	12 985
Total	**967 789**	777 845

[1] Total defined benefit scheme (see note 11) and defined contribution scheme. The cost of the defined contribution scheme amounts to NOK 22 519.

At year-end the Group had 1 865 employees with 587 women and 1 278 men compared with a total of 1 794 in 2010. The average number of man-years for the Group in 2011 was 1 750.

	CEO		CFO		EVP Farming	
Remuneration to senior executives	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Salary	2 455	2 338	1 815	1 543	1 885	1 134
Bonus including extraordinary bonus	1 800	1 300	1 000	500	1 100	
Options exercised during the year	512	275	512	275	512	275
Other remuneration	47	47	24	24	117	52

No remuneration with mandatory reporting is paid to the Chairman of the Board. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees from the Group's leading company, Laco AS, where the Chairman of the Board is an employee. Remuneration of other board members totalled NOK 893 in 2011, compared with NOK 810 in 2010. Remuneration of the nomination committee in 2011 was NOK 75, compared with NOK 75 in 2010.

Board remuneration is not performance based. With the exception of the employee representative on the board, none of the board members hold options. The Board total remuneration is shown above. The Group's development is closely linked to the Group's ability to recruit and retain managerial staff and the Group employs various models for remuneration of management personnel at competitive terms. Senior executives receive salary according to market terms. Remuneration varies over time both in respect of level and form of payment. In addition to the annual salary, the Group also pays performance-based bonuses limited to one annual wage, lump sum payments, sign-on fees, arranged leave of absence, educational opportunities and option agreements, cf. including that mentioned below. The Group has collective pension schemes. For logical reasons and to date, the Chairman of the Board has on behalf of the Board handled all practical matters in respect of agreements with the Group CEO. Remuneration is reviewed annually, but is assessed over several years in order to secure continuity. The Board limits the use of so-called severance pay agreements, but these have been practised in a few cases, albeit limited to two years' salary. Severance pay may at times be a good alternative for all parties involved.

Mandates granted to the Board of Directors

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

The first time the Board was authorised to acquire the company's own shares was at the ordinary general meeting on 12 May 2000. This mandate has subsequently been renewed, most recently at the ordinary general meeting on 25 May 2011, and is to remain valid for 18 months from the date on which the resolution was adopted. The mandate was exercised in 2011 and 100,000 new own shares (exact figure) were acquired at a price of NOK 81.24 per share (exact figure). At 31.12.2011 Lerøy Seafood Group owns a total of 329 776 own shares (exact figure). Renewal of the mandate will be recommended to the general meeting on 23 May 2012.

The Board is authorised to increase the share capital by up to NOK 1,200 by issuing up to 1,200,000 shares (exact figure), each with a face value of NOK 1 (exact figure) through one or more private placings with employees of Lerøy Seafood Group ASA and its subsidiaries. The Board's mandate must be seen in light of the company's option programme, see below. This type of mandate was first established by the extraordinary shareholders' meeting on 10 December 1997 and has subsequently been renewed, most recently by general meeting on 25 May 2011. The mandate is valid for two years from the time the resolution was adopted. An extension of the mandate will be recommended to the general meeting on 23 May 2012. The mandate has not been exercised in 2011.

The Board has authority to increase the share capital by up to NOK 5,000 by issuing up to 5,000,000 shares (exact figure) in Lerøy Seafood Group ASA , each with a face value of NOK 1 (exact figure), through one or more private placings with the company's shareholders and/or external investors. This type of mandate was first established by the ordinary general meeting of 4 May 1999 and subsequently renewed by the ordinary general meeting on 25 May 2011. The mandate has not been exercised in 2011. It will be recommended that an equivalent authority be approved by the ordinary general meeting on 23 May 2012.

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

Options

The Board adopted an option program totalling 700,000 options (exact figure) with a redemption price of NOK 125 per option (exact figure) on 20 June 2006, with final allocation on 29 February 2008. The program had a duration of three years. One third of the options could be exercised in the month of May in 2009, 2010 and 2011 respectively. No options were exercised in 2009. In 2010 and 2011, options were exercised and honoured with cash payment (the difference between premium and market price). The expired option program has not been replaced with a new option program in 2011.

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.

Redemption price per share option (NOK)	Established	Options 31.12.2011	Options lapsed/ expired 2011	Options excersised in 2011	Options 31.12.2010
125.0 (exact figure)	2008	0	0	159 332	159 332
		0	**0**	**159 332**	**159 332**

According to IFRS, options must be booked at real value. The fair value of the 700 000 options (exact figure) allocated in 2008 was calculated according to the Black&Scholes/Hull&White option pricing model. The most important parameters were the share price on the date of allocation (29.02.2008) of NOK 109 (exact figure), the redemption price of NOK 125 (exact figure), volatility of 34.3% (average), risk free interest at 4.63% (average), and the option's duration. 1/3 of the options have a duration up to and including 1 June 2009, 1/3 up to and including 1 June 2010 and 1/3 up to and including 1 June 2011.

Fair value of the 700 000 options (exact figure) was estimated at NOK 8 821 (including employer's contribution), which corresponds to an average of NOK 12.60 per option (exact figure). The amount has been booked as wage cost for the duration of the option programme. The cost has been regulated to account for any lapsed or expired options. In the balance sheet the cost is booked directly against equity (positive effect).

Loans to employees

As of 31 December 2011, there was a loan of NOK 191 to the CEO compared to NOK 186 at end of 2010. No loans have been given to the Chairman of the Board or other closely related parties. No single loan or guarantee has been granted for more than 5% of the company's equity.

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Notes Lerøy Seafood Group consolidated 2011

Auditor

Invoiced fees from Group auditor PricewaterhouseCoopers AS, the law firm PricewaterhouseCoopers AS and other PricewaterhouseCoopers companies abroad in 2011 have been as follows:

	2011	2010
Auditing fees Group auditor	2 777	2 939
Auditing fees other auditors	1 390	902
Tax advice Group auditor	250	257
Tax advice other auditors	218	33
Other certification services Group auditor	153	84
Other services Group auditor	656	471
Other services other auditors	649	27
Total	**6 092**	4 713

NOTE 15 ITEMS THAT ARE COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	2011	2010
Other interest revenues	41 229	16 704
Other financial revenues	3 231	3 773
Total financial revenues	**44 460**	**20 477**

Financial costs	2011	2010
Other interest costs	121 821	81 832
Other financial costs	4 523	4 917
Total financial costs	**126 344**	**86 749**
Net financial items	**-81 884**	**-66 272**

NOTE 16 EARNINGS PER SHARE

(All figures in NOK 1 000)

	2011	2010
This year's earnings (majority share)	382 705	1 419 507
No. of shares on the balance sheet date	54 577	54 577
Average number of shares	54 577	54 077
Average number of shares with dilution	54 577	54 086
Earnings per share	**7.01**	26.25
Diluted earnings per share	7.01	26.25

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

NOTE 17 DIVIDEND PER SHARE

(All figures in NOK 1 000)

Distributed dividend for the year 2010 was NOK 545 774 (NOK 10.00 per share). Recommended dividend distribution for the accounting year 2011 is NOK 382 042 (NOK 7.00 per share). A final decision will be made by the general meeting on 23 May 2012.

NOTE 18 LEASING

(All figures in NOK 1 000)

Leased assets booked in the consolidated accounts as financial leasing:	2011	2010
Book value of leased assets (machines/furnishings)	348 210	259 500
Book value of leasing liabilities (present value)	291 841	215 815
Minimum rent, financial leasing:		
0-1 year	59 321	48 001
1-5 years	200 314	154 407
5 years -	75 923	49 354
Total	**335 558**	251 762
Interest costs, financial leasing:		
0-1 year	9 703	8 843
1-5 years	25 336	22 891
5 years -	8 676	4 212
Total	**43 716**	35 946
Present value of future minimum rent:		
0-1 year	49 618	39 158
1-5 years	174 978	131 516
5 years -	67 246	45 141
Total	**291 842**	215 815

The Group has no significant operational leases.

NOTE 19 RELATED PARTIES

(All figures in NOK 1 000)

Lerøy Seafood Group ASA is a subsidiary of Austevoll Seafood ASA (62.56% ownership). Sales to the Austevoll Seafood Group amounted to NOK 178 676 in 2011, while purchases amounted to NOK 175 319. Receivables on companies in the Austevoll Group per 31.12.2011 amounted to NOK 18 195, while debt was NOK 16 235.

Laco AS owns 55.55% of the shares in Austevoll Seafood ASA, and is also regarded as a related party. Total purchase of services from Laco AS amounted to NOK 4 620 in 2011.

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

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

2010	Ownership	Sales	Purchases	Receivables	Debt
Ice Seafoods AS	Sjøtroll Havbruk AS (50%)	28 899	471	14 770	139
Salmobreed AS	Sjøtroll Havbruk AS (27.5%)		3 662	69	3 132
Nordmøre Islager AS	Hydrotech AS (43%)	857	1 452	1 104	157
Hydral AS	Hydrotech AS (50%)	608	1 529	159	324
Sørsmolt AS	Lerøy Vest AS (49%)	1 877	7 025		
Alfarm Alrako Lerøy	Lerøy Seafood Group ASA (50%)	98 622		3 090	
Norskott Havbruk AS	Lerøy Seafood Group ASA (50%)	96		4 224	
Scottish Sea Farms Limited	Norskott Havbruk AS (100%)	49	399 922	336	52 260
Sum		**131 008**	**414 061**	**23 752**	**56 012**

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Notes Lerøy Seafood Group consolidated 2011

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

Received dividend from Norskott Havbruk AS in 2011 was NOK 28 521.

NOTE 20 SHARE CAPITAL AND SHAREHOLDER INFORMATION

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

Lerøy Seafood Group ASA had 1 804 shareholders at 31.12.11. The corresponding number at year end 2010 was 1 142. All shares confer the same rights in the company.

	2011		2010	
Overview of the 20 largest shareholders at 31.12:	**No. of shares**	**Ownership**	No. of shares	Ownership
AUSTEVOLL SEAFOOD ASA	34 144 281	62.56%	34 144 281	62.56%
PARETO AKSJE NORGE	3 167 442	5.80%	3 132 914	5.74%
PARETO AKTIV	1 447 227	2.65%	1 427 714	2.62%
BIOMAR AS	1 000 000	1.83%	1 000 000	1.83%
PARETO VERDI	801 530	1.47%	640 090	1.17%
FOLKETRYGDFONDET	558 547	1.02%	643 400	1.18%
CITIBANK N.A. NEW YORK BRANCH	419 557	0.77%	211 487	0.39%
FORSVARETS PERSONELLSERVICE	352 700	0.65%	256 000	0.47%
KVERVA AS	341 368	0.63%		
LERØY SEAFOOD GROUP ASA	329 776	0.60%	229 776	0.42%
SHB STOCKHOLM CLIENTS ACCOUNT	288 784	0.53%		
VELU AS	207 300	0.38%	207 300	0.38%
PACTUM AS	200 000	0.37%		
PARETO SICAV	199 735	0.37%		
KLP AKSJE NORGE VPF	190 000	0.35%		
BKK PENSJONSKASSE	188 800	0.35%		
STOREBRAND VERDI	187 724	0.34%	153 695	0.28%
DANSKE INVEST NORSKE AKSJER INST	162 020	0.30%		
PROFOND AS	162 002	0.30%		
DANSKE INVEST NORSKE INSTIT. II.	154 312	0.28%		
AWILCO INVEST AS			1 311 848	2.40%
VARMA MUTUAL PENSION INSURANCE			670 130	1.23%
ODIN NORGE			626 193	1.15%
STATE STREET BANK AND TRUST CO.			345 609	0.63%
STATOIL PENSJON			303 130	0.56%

BANK OF NEW YORK MELLON			226 669	0.42%
CACEIS BANK LUXEMBOURG			175 880	0.32%
ALFRED BERG GAMBAK			150 550	0.28%
VITAL FORSIKRING ASA			145 870	0.27%
Total 20 largest shareholders	**44 503 105**	**81.54%**	46 002 536	84.29%
Others	10 074 263	18.46%	8 574 832	15.71%
Total	**54 577 368**	**100.00%**	54 577 368	100.00%

Chairman of the Board Helge Singelstad owns shares in Austevoll Seafood ASA and therefore indirectly owns shares in Lerøy Seafood Group ASA. Board members Arne Møgster and Britt Kathrine Drivenes have also bought shares in Austevoll Seafood ASA and therefore indirectly own shares in Lerøy Seafood Group ASA. Board member Fons Brusselmans owns 3 800 shares at year-end, the same number as in 2010. Board member (employees' representative) Hans Petter Vestre owns 120 shares at 31.12.2011, the same number as in 2010.

NOTE 21 BUSINESS COMBINATIONS

(All figures in NOK 1 000)

Jokisen Eväät OY

On 3 January 2011, Lerøy Seafood Group ASA aquired 51.0% of the shares in the Finnish company, Jokisen Eväät OY. The acquisition was executed as the purchase of 206 shares (of a total 1,000 shares) and a simultaneous private placing for Lerøy Seafood Group ASA whereby 620 new shares were subscribed. In December 2011, a further private placement was completed for Lerøy Seafood Group ASA whereby 861 new shares were subscribed. At year-end 2011, Lerøy Seafood Group ASA owns 1,687 shares of a total 2,481, corresponding to 68.0%.

Jokisen Eväät OY is located in Åbo/Turku in Finland. The acquisition is in compliance with LSG's growth strategy for the Nordic market. Jokisen Eväät OY enjoys a strong position within the sale and distribution of seafood on its domestic market and will therefore help strengthen LSG's market position on the Finnish market. The company has 35 employees.

Goodwill has been estimated for both controlling and non-controlling interests. Total goodwill from the business combination is NOK 15,580, with NOK 7,944 relating to controlling interests and NOK 7,636 to non-controlling interests. Estimated goodwill does not provide for tax deduction. Deferred tax has not been calculated on goodwill.

The share issue did not generate costs. Other acquisition costs have been charged to result. Jokisen Eväät OY has been consolidated into Lerøy Seafood Group with effect from January 2011.

Turnover and result for Jokisen Eväät OY in 2011	Before acquisition date	After acquisition date	2011
Sales revenues		148 868	148 868
Operating profit		-12 573	-12 573
Result and comprehensive income		-12 957	-12 957

Fair value of total consideration transferred	
Cash paid for 206 shares (EUR 415,000, rate 7.74955)	3 216
Cash paid for issue of 620 new shares (EUR 1,250,000, rate 7.74955)	9 687
Total consideration	**12 903**

Acquisition analysis	100.00%	50.99%	49.01%
Recognised equity in Jokisen Eväät OY	9 726	4 959	4 767
Net identified added value in Jokisen Eväät OY			0
Identified value in Jokisen Eväät OY	**9 726**	**4 959**	**4 767**

Calculation of goodwill	**100.00%**	**50.99%**	**49.01%**
Consideration to seller:	25 306	12 903	12 403
Controlling and non-controlling interests' share of identified value:	9 726	4 959	4 767
Controlling and non-controlling interests' share of goodwill:	**15 580**	**7 944**	**7 636**

(Continued on next page)

Notes Lerøy Seafood Group consolidated 2011

Åkra Sjømat AS

On 12 March 2011, Sirevåg AS, a tier-subsidiary of Lerøy Seafood Group ASA (subsidiary of Delico AS) signed an agreement for the purchase of 8,000 shares (34%) in Åkra Sjømat AS for NOK 4,400. A provision had been made and dividend adopted but not paid at the time of acquisition related to the purchased shares (NOK 817) and has been deducted from the compensation amount. The date for execution of the purchase was 1 April 2011. Sirevåg AS previously owned 34% of the company and reported the acquired company as an associate.

Åkra Sjømat AS is a small, local seafood company located in West Norway.

No added value has been identified in Åkra Sjømat. Goodwill in the company at the time of acquisition (NOK 354) has been reported as NOK 0.

The acquisition is reported as a successive acquisition. Goodwill has been estimated for both controlling and non-controlling interest. Total goodwill from the business combination is NOK 7,560, with NOK 5,147 for controlling interests and NOK 2,413 for non-controlling interests. Estimated goodwill does not provide for tax deduction. Deferred tax has not been calculated on goodwill.

Acquisition costs have been charged to result.

Åkra Sjømat AS has been consolidated into Lerøy Seafood Group ASA with effect from April 2011. Only the annual result for the period from April 2011 to December 2011 has been consolidated.

Turnover and result for Åkra Sjømat AS in 2011	Before acquisition date	After acquisition date	2011
Sales revenues	5 913	21 469	27 382
Operating profit	119	1 714	1 833
Result and comprehensive income	102	1 268	1 370

Fair value of total consideration transferred	
Cash paid for purchased shares	4 400
Received dividend on purchased shares	-817
Total consideration	**3 583**

Acquisition analysis	Opening balance shareholding	Purchase in 2011	Minority interests	Total
	34.04%	**34.04%**	**31.92%**	**100.00%**
Recognised equity in Åkra Sjømat AS	1 130	1 130	1 060	3 320
Net identified added value in Åkra Sjømat AS	-121	-121	-133	-354
Identified value in Åkra Sjømat AS	**1 010**	**1 010**	**947**	**2 966**
Calculation of goodwill	**34.04%**	**34.04%**	**31.92%**	**100.00%**
Consideration to seller:	3 583	3 583	3 360	10 526
Controlling and non-controlling interests' share of identified value:	1 010	1 010	947	2 966
Controlling and non-controlling interests' share of goodwill:	**2 573**	**2 573**	**2 413**	**7 560**

Book value on controlling interests and gain in Åkra Sjømat AS	Opening balance shareholding	Purchase in 2011	Total controlling interests
Purchase price on shares owned at 01.01	2 500		2 500
Purchase price on shares purchased in 2011		3 583	3 583
Calculated gain on the shares owned before 01.01	1 083		1 083
Total acquisition cost	**3 583**	**3 583**	**7 166**

Salmon fillet, natural. Oven ready. Simple and delicious.

A wonderful dish of baked fish with broccoli, carrots and cauliflower.

Income statement

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

LERØY SEAFOOD GROUP ASA	Notes	2011	2010
OPERATING REVENUES AND COSTS			
Operating revenues		**115**	58
Wages and other personnel costs	7	**22 587**	23 470
Other operating costs		**14 316**	8 576
Depreciation	2	**888**	857
Total operating costs		**37 791**	32 903
Operating profit		**-37 676**	-32 845
SUBSIDIARIES, ASSOCIATES AND NET FINANCIAL ITEMS			
Income from investments in subsidiaries	5	**730 735**	1 462 351
Income from associated companies	5	**28 521**	50 000
Impairment loss on financial assets	3	**0**	-24 384
Net financial items	8	**-11 684**	-8 204
Profit before tax		**709 896**	1 446 918
Total tax cost	6	**-175 064**	-388 394
THE YEAR'S PROFIT		**534 832**	1 058 524
Information regarding:			
Allocated to other equity		**152 790**	512 750
Allocated to dividend		**382 042**	545 774

Balance sheet

All figures in NOK 1 000

LERØY SEAFOOD GROUP ASA	Notes	31.12.11	31.12.10
FIXED ASSETS			
Deferred tax asset	6	2 745	738
Total intangible fixed assets		2 745	738
FIXED ASSETS			
Buildings and real estate	2	16 635	17 457
Total tangible fixed assets		16 635	17 457
Shares available for sale	3	665	37
Shares in subsidiaries	3	3 355 327	3 329 712
Shares in associated companies	3	174 821	174 821
Other long-term receivables		7 371	7 338
Long-term Group receivables	5	28 348	34 406
Total financial fixed assets		3 566 532	3 546 314
TOTAL FIXED ASSETS		3 585 912	3 564 509
CURRENT ASSETS			
Receivables from Group companies and associates	5	680 298	1 462 292
Other receivables		1 828	1 938
Cash and cash equivalents		938 388	563 047
TOTAL CURRENT ASSETS		1 620 514	2 027 277
TOTAL ASSETS		5 206 426	5 591 786

Balance sheet

All figures in NOK 1 000

LERØY SEAFOOD GROUP ASA		31.12.11	31.12.10
EQUITY			
Share capital	1	**54 577**	54 577
Own shares	1	**-20 479**	-12 355
Share premium reserve	1	**2 731 690**	2 731 690
Total equity contributions		**2 765 788**	2 773 912
Other equity		**932 623**	789 769
Total retained earnings		**932 623**	789 769
TOTAL EQUITY		**3 698 411**	3 563 681
LONG-TERM LIABILITIES			
Other long-term liabilities	9	**7 168**	0
Total long-term liabilities		**7 168**	0
LONG-TERM DEBT			
Mortgage debt	4	**930 150**	1 068 731
Total long-term debt		**930 150**	1 068 731
SHORT-TERM LIABILITIES			
Accounts payable		**5 868**	2 011
Accounts payable, Group and associated companies	5	**319**	22 769
Taxes payable	6	**175 252**	380 626
Public duties payable		**577**	911
Allocated to dividend		**382 042**	545 774
Other short-term liabilities		**6 639**	7 283
Total short-term liabilities		**570 697**	959 374
Total liabilities		**1 508 015**	2 028 105
TOTAL EQUITY AND LIABILITIES		**5 206 426**	5 591 786

Bergen, 29 March 2012
The Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Chairman

Fons Brusselmans

Arne Møgster

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employees' representative

Henning Beltestad
CEO
Lerøy Seafood Group ASA

Cash flow statement

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

LERØY SEAFOOD GROUP ASA	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Pre-tax result	**709 896**	1 446 918
Taxes paid during the period	**-380 435**	-85 032
Depreciation	**888**	857
Write-down of financial assets	**0**	24 384
Change in accounts receivable	**0**	819
Change in accounts payable	**3 857**	1 304
Change in other accruals	**-871**	-7 975
Items classified as investment activeties	**-759 256**	-1 512 292
Items classified as financing activeties	**11 684**	8 204
Net cash flow from operating activities	**-414 237**	-122 813
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments for acquisitions of fixed assets	**-66**	0
Payments for purchase of other shares	**-628**	0
Dividend payments received from associated companies	**28 521**	47 540
Intragroup contributions/dividends received from subsidiaries	**1 500 655**	639 021
Reduction of capital in subsidiary with capital repayment	**0**	77 000
Payments for acquisition of Group companies/associated companies	**-20 615**	-540 473
Proceeds/payments for intragroup receivables (short-term/long-term)	**-33**	-17 656
Proceeds/payments for other loans (short-term/long-term)	**6 058**	1 081
Net cash flow from investment activities	**1 513 892**	206 513
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/payments for short-term intragroup liabilities	**-22 450**	-114 810
Proceeds from establishing new long-term debt	**0**	708 500
Instalments paid on long-term liabilities	**-138 581**	-108 125
Proceeds/payments on sale/purchase of own shares	**-8 124**	0
Net interests paid	**-11 684**	-8 204
Increase in paid-in equity	**0**	131 300
Payment of dividend	**-545 774**	-375 042
Proceeds from dividend on own shares	**2 299**	1 608
Net cash flow from financing activities	**-724 314**	235 227
Net cash flow for the accounting period	**375 341**	318 927
Cash and cash equivalents at the start of the period	**563 047**	244 120
Cash and cash equivalents at the end of the period	**938 388**	563 047
This consists of:		
Bank deposits etc.	**938 388**	563 047
Of which restricted funds	**615**	585

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

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

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

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

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

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

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

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

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

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

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

(J) SHARE-BASED REMUNERATION
In connection with reconciling the Norwegian accounting standards (NRS 15A) with IFRS 2 in respect of share-based remuneration, it is required that company accounts submitted under NGAAP show the share-based remuneration computed in accordance with IFRS rules. During the period from 2008 to 2011, the Group has had a share-based remuneration scheme with payment in the form of shares.
The fair value of services performed by employees for the Group in return for the allocated options is entered as a cost. The total amount to be charged to cost over the qualification period, is based on the fair value of the allocated options at the time of allocation (Black & Scholes/ Hull & White). Fair value of options is included in the LSG ASA accounts from 1 January 2006.

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

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

NOTE 1 EQUITY

(All figures in NOK 1 000)

2010	Share capital	Own shares	Share premium reserve	Other equity	Total equity
Equity 01.01.2010	53 577	-12 355	2 601 390	276 837	2 919 449
The year's result to equity				1 058 524	1 058 524
Capital increase	1 000		130 300		131 300
Dividend received on own shares				1 608	1 608
Impact of option program				-1 426	-1 426
Provision for dividend				-545 774	-545 774
Equity 31.12.2010	**54 577**	**-12 355**	**2 731 690**	**789 769**	**3 563 681**

(Continued on next page)

Notes Lerøy Seafood Group ASA 2011

2011	Share capital	Own shares	Share premium reserve	Other equity	Total equity
Equity 01.01.2011	54 577	-12 355	2 731 690	789 769	3 563 681
The year's result to equity				534 832	534 832
Dividend received on own shares				2 299	2 299
Purchase of own shares		-8 124			-8 124
Impact of option program				-7 074	-7 074
Change in value on interest swap (cash flow hedge)				-5 161	-5 161
Group contribution given to Lerøy Delico AS				-5 000	-5 000
Change in value on shares in subsidiaries (Lerøy Delico AS)				5 000	5 000
Provision for dividend				-382 042	-382 042
Equity 31.12.2011	**54 577**	**-20 479**	**2 731 690**	**932 623**	**3 698 411**

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

Lerøy Seafood Group ASA had 1 804 shareholders as per 31.12.11. All shares confer the same rights in the company.
There were 54 577 368 shares outstanding per 31.12.2011.

An overview of share capital and the 20 largest shareholders are shown in note 20 for the Group.

Own shares
In Q4 2011 Lerøy Seafood Group ASA bought 100,000 own shares at NOK 81.24 per share. As of year-end 2011, the company owned 329,776 own shares with an average recognised price of NOK 62.10 per share. All exact figures.

NOTE 2 FIXED ASSETS

(All figures in NOK 1 000)

2010	Real estate	Buildings	Total fixed assets
Acquisition cost 01.01.010	2 090	38 668	40 758
Addition of fixed assets			0
Disposal of fixed assets			0
Acquisition cost 31.12.10	2 090	38 668	40 758
Accumulated depreciation 31.12.10		-23 301	-23 301
Balance sheet value 31.12.10	**2 090**	**15 367**	**17 457**
The year's depreciation		857	857

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

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

* Buildings and other real estate	20 – 25 years
* Real estate	Lasting value

NOTE 3 SHARES IN SUBSIDIARIES, ASSOCIATED COMPANIES, ETC.

(All figures in NOK 1 000)

Subsidiaries	Location	Ownership / voting rights	Adjustment 2011	Cost price / book value
Lerøy Hydrotech AS	Kristiansund	100%		873 585
Lerøy Midnor AS	Hitra	100%		261 645
Lerøy Fossen AS	Bergen	100%		43 643
Lerøy Aurora AS	Tromsø	100%		154 070
Lerøy Vest AS	Bergen	100%		1 262 132
Sjøtroll Havbruk AS	Austevoll	50.71%		540 000
Hallvard Lerøy AS	Bergen	100%		57 880
Lerøy Smögen Holding AB	Smögen, Sweden	100%		36 017
Lerøy Sverige AB	Gothenburg, Sweden	100%		29 690
Lerøy Alfheim AS	Bergen	100%		13 100
Lerøy Delico AS	Stavanger	100%	5 000	20 750
Lerøy Trondheim AS	Trondheim	100%		23 109
Lerøy Fisker'n AS	Oslo	100%		8 000
Lerøy & Strudshavn AS	Bergen	100%		380
Inversiones Seafood Ltda.	Chile	100%		2 888
Nordvik SA	Boulogne, France	90%		3 123
Lerøy Portugal Lda	Portugal	60%		4 600
Sandvikstomt 1 AS	Bergen	100%		100
Jokisen Eväät OY	Finland	68%	20 616	20 616
Total shares in subsidiaries			**25 616**	**3 355 327**

In 2011, Lerøy Seafood Group acquired 68% of the shares in Jokisen Eväät OY. 51% of the shares were acquired in January 2011 via a purchase and private placing. In December 2011, a further 17% of the shares were acquired via a private placing. Lerøy Seafood Group ASA made an intragroup contribution (with no tax impact) of NOK 5,000 to Lerøy Delico AS, settled against an outstanding receivable.

Associated company	Location	Ownership/ voting rights	Balance sheet value
Norskott Havbruk AS	Bergen	50%	163 273
Alfarm Alarko Lerøy	Istanbul, Turkey	50%	11 548
Total shares in associated companies			**174 821**

Other shares	Business location	Number of shares	Ownership/ voting rights	Cost price	Balance sheet value
DNB Private Equity Fund				628	628
Miscellaneous minor share interests				37	37
Total other shares				**665**	**665**

NOTE 4 DEBT, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2011	2010
Long-term interest-bearing debt		
Debt to credit institutions	930 150	1 068 731
Total interest-bearing debt at 31.12	**930 150**	1 068 731
Bank deposits	938 388	563 047
Net interest-bearing debt at 31.12	**-8 238**	505 684

(Continued on next page)

Repayment profile interest bearing debt		
2011		138 583
2012	128 350	128 350
2013	128 350	128 350
2014	128 350	128 350
2015	40 850	340 850
2016	340 850	40 850
Later	163 400	163 398
Total	**930 150**	1 068 731

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

Debt secured by mortgages		
Long-term debt to credit institutions	930 150	1 068 731
Total mortgage-secured debt at 31.12	**930 150**	1 068 731

Mortgaged assets		
Shares in associated companies	163 273	163 273
Shares in subsidiaries	1 413 585	1 236 227
Buildings	14 545	15 367
Inventories - cross-mortgaged (Hallvard Lerøy AS)	40 000	40 000
Customer receivables - cross-mortgaged (Hallvard Lerøy AS)	280 000	280 000
Total book value of mortgaged assets 31.12	**1 911 403**	1 734 867

Guarantees and sureties	**381 348**	125 000

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

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

NOTE 5 GROUP INTER-COMPANY ACCOUNTS

(All figures in NOK 1 000)

	2011	2010
Long-term intragroup receivables		
Lerøy Alfheim AS		521
Sigerfjord Fisk AS		3 911
Inversiones Seafood Ltda	22 496	21 063
SAS Eurosalmon	5 759	7 399
SAS Fish Cut	93	1 512
Total long-term intragroup receivables	**28 348**	34 406
Short-term receivables, intragroup/associates		
Hallvard Lerøy AS	216 465	194 907
Lerøy Midnor AS	318 294	433 337
Lerøy Fisker'n AS	9 250	9 450
Lerøy Alfheim AS	4 800	4 592

Lerøy Smøgen Holding AB		1 850
Lerøy Sjømatgruppen AS		1 673
Lerøy Delico AS	3 229	3 212
Lerøy Trondheim AS	1 785	
Lerøy Aurora AS	299	257 282
Lerøy Vest AS	638	286 811
Lerøy Hydrotech AS	94 204	252 714
Lerøy Fossen AS	31 333	13 994
Lerøy & Strudshavn AS		6
Sandvikstomt 1 AS		4
Norskott Havbruk AS		2 460
Total short-term receivables, intragroup/associates	**680 298**	1 462 292
Of which intragroup contribution received		
Hallvard Lerøy AS	215 492	194 889
Lerøy Midnor AS	317 000	433 337
Lerøy Fisker'n AS	9 250	9 450
Lerøy Alfheim AS	4 800	4 592
Lerøy Sverige AB		4 135
Lerøy Smøgen Holding AB		4 273
Lerøy Portugal Lda		150
Lerøy Sjømatgruppen AS		1 673
Lerøy Delico AS		3 212
Lerøy Trondheim AS	1 785	
Lerøy Aurora AS		256 321
Lerøy Vest AS		286 325
Lerøy Hydrotech AS	93 000	250 000
Lerøy Fossen AS	31 333	13 994
Total	**672 661**	1 462 351
Income from investments in subsidiaries		
Intragroup contributions received from subsidiaries	672 661	1 462 351
Dividend received from Sjøtroll Havbruk AS	22 910	
Dividend received from Lerøy Sverige AS	26 373	
Dividend received from Lerøy Smøgen Holding AB	8 791	
Total income from investments in subsidiaries	**730 735**	1 462 351

	2011	2010
Income from investments in associated companies		
Norskott Havbruk AS (dividend received)	28 521	50 000
Total income from investments in associated companies	**28 521**	50 000

	2011	2010
Short-term liabilities, intragroup/associates		
Hallvard Lerøy AS	195	12
Lerøy Trondheim AS		5 714
Sigerfjord Fisk AS		10 440
Lerøy Vest AS	100	
Lerøy Aurora AS group		6 399
Lerøy & Strudshavn AS		204
Lerøy Hydrotech AS	24	
Total short-term liabilities, intragroup/associates	**319**	22 769

Notes Lerøy Seafood Group ASA 2011

NOTE 6 TAXATION

(All figures in NOK 1 000)

	2011	2010
Distribution of the year's tax cost		
Taxes payable	175 252	387 001
Too much or too little allocated to taxes	-187	1 302
Change in deferred tax		91
Total taxation	**175 065**	388 394
Calculation of the year's taxation base		
Profit before tax	709 896	1 446 918
Dividend (adjusted for taxation)	-83 997	-57 929
Permanent differences incl. intragroup contributions without tax effect	4	-6 519
Change in temporary differences	-1	-324
The year's taxation base	**625 902**	1 382 146
Overview of temporary differences and deferred tax		
Buildings and other fixed assets	-2 637	-2 637
Financial instruments (cash flow hedge) *	-7 168	
Total	**-9 805**	-2 637
28% deferred tax (- tax asset)	-2 745	-738
* Change in deferred tax related to change in value of interest swap agreement is booked against equity.		
Why the year's tax cost is not equal to 28% of pre-tax profit		
28% of profit before tax	198 771	405 137
Permanent differences (28%)	1	-1 825
Tax-free dividend	-23 519	-16 220
Too much or too little allocated to tax	-187	1 302
Estimated tax cost	**175 066**	388 394
Effective tax rate	24.66%	26.84%
Tax payable booked in the balance sheet		
Tax payable	175 252	387 001
Tax payable on intragroup contributions paid		-6 375
Tax payable booked in the balance sheet	**175 252**	380 626

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

(All figures in NOK 1 000)

Payroll expenses	**2011**	2010
Wages and salaries	18 187	19 192
Employer's contribution	2 727	1 979
Pension costs [1]	423	491
Option costs (incl. employer's contribution, cf. note [1]		1 808
Other remuneration and personnel costs	1 250	
Total	**22 587**	23 470

[1] Defined contribution pension scheme

Average number of employees: 7.

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

Auditor

Invoiced fees in 2011 from the Group auditor PriceWaterhouseCoopers AS, the law firm PriceWaterhouseCoopers AS and other foreign PriceWaterhouseCoopers firms, were as follows:

	2011	2010
Auditing fees Group auditor	650	633
Other services Group auditor	656	342
Total	**1 306**	975

NOTE 8 ITEMS COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	**2011**	2010
Interest income from Group companies	1 264	1 245
Other interest income	27 604	10 104
Other financial revenues	593	1 933
Total financial revenues	**29 461**	13 282

Financial costs	**2011**	2010
Interest cost	40 458	19 177
Currency exchange loss		913
Other financial costs	687	1 396
Total financial costs	**41 145**	21 486

Net financial items	**-11 684**	-8 204

NOTE 9 INTEREST SWAP AGREEMENTS

(All figures in NOK 1 000)

Lerøy Seafood Group ASA entered into an interest swap agreement in November 2011, with a nominal fixed amount of NOK 500 000 and a duration of 10 years. The interest swap agreement is a cash flow hedge. The fixed rate of interest agreed upon for the period is 3.55%. In January 2012 Lerøy Seafood Group ASA entered into a new similar interest swap agreement of NOK 500 000 with a fixed rate of interest of 3.29%.

Change in fair value	**Gross commitment carried**	**Related deferred tax**	**Equity effect**
Fair value at start-up, 17 October 2011			0
Change in value in subsequent period	-7 168	2 007	-5 161
Fair value 31.12.2011	**-7 168**	**2 007**	**-5 161**

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

To the Annual Shareholders' Meeting of Lerøy Seafood Group ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Lerøy Seafood Group ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2011, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2011, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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

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Org.no.: 987 009 713 MVA, Medlem av Den norske Revisorforening

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Lerøy Seafood Group ASA as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group present fairly, in all material respects, the financial position of the group Lerøy Seafood Group ASA as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and statement of corporate governance principles and practices

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

Opinion on Registration and Documentation

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

Bergen, 29 March 2012
PricewaterhouseCoopers AS

Hallvard Aarø
State Authorised Public Accountant (Norway)

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

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Photos: Øystein Klakegg (front and back cover, p. 3, p. 4, p. 6, p. 8, p. 21, p. 22, p. 24, p. 31, p. 33, p. 44, p. 83, p. 84), Scanpix (p. 14, p. 17)

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The Annual Report is printed on environmental approved paper.