ANNUAL REPORT 2010

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Financial calendar

23.02.2011	PRELIMINARY ANNUAL RESULTS 2010
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23.02.2012	PRELIMINARY ANNUAL RESULTS 2011
25.05.2011	ANNUAL GENERAL MEETING

History

The Lerøy Seafood Group can trace its operations back to the end of the 19th century, when the fisherman-farmer Ole Mikkel Lerøen started selling live fish on the Bergen fish market. This was fish he either had caught himself or had bought from other fishermen. The fish was hauled to market in 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 commercialize new species. The 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 Hydrotech AS were acquired in 2006, whereas Lerøy Vest AS was acquired in 2007. In 2010 the Group continued expanding the aquaculture activity by acquiring 50.71% of the company Sjøtroll Havbruk AS. The Group's investments in downstream activities the last years, have established the Group as a national and international distributor of fresh fish. Because of these and similar 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 2010 the Group had 1,794 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 venture capital and in selected cases the shares are used as payment in kind in connection with acquisitions, most recently with the acquisition of shares in Sjøtroll Havbruk AS. At the beginning of 2011 the Group is well situated for continued strengthening of its position as a central actor in the international seafood industry.

Key figures and strategic events

Key figures

Figures in NOK 1,000

	2010	2009	2008
Operating revenues	8 887 671	7 473 807	6 057 053
Ordinary depreciation	219 624	204 007	197 023
Operating result before biomass value adjustment	1 586 249	950 156	337 206
Operating result	1 884 787	1 010 639	300 837
Result before tax	1 940 521	987 278	164 046
Annual result	**1 429 569**	**730 141**	**127 052**
Earnings per share	26.25	13.62	2.33
Diluted earnings per share	26.25	13.62	2.33

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 fish smoking company in Sweden (Lerøy Smøgen Seafood AB)
2003	Acquisition of Lerøy Midnor AS
2003	Infusion of capital
2004	Acquisition of 60% of shares in Portnor Lda
2004	Acquisition of fish farming capacity in Central Norway
2005	Partnership with Alarko Holding in Turkey
2005	Infusion of capital
2005	Acquisition of Lerøy Aurora Group
2005	Acquisition of Laksefjord AS
2005	Investments in distribution in Norway and Sweden
2005	Bulandet Fiskeindustri AS incorporated into Group structure
2006	Investments resulting in nationwide 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 increases ownership in Lerøy Seafood Group ASA from 33.34% to 74.93% through a mandatory offer
2009	Austevoll Seafood ASA reduces its ownership in Lerøy Seafood Group ASA from 74.93% to 63.73%
2009	Increased ownership in Bulandet Fiskeindustri AS from 53.2% to 66.3%
2010	Purchase of 50.71% of shares in Sjøtroll Havbruk AS

Annual statement by the Group CEO

A fantastic year!
2010 will go into the history books as the best year ever for Lerøy Seafood Group. The Group has enjoyed continual growth over the past two decades, reaching a total turnover in 2010 of NOK 8.9 billion. I have had the privilege of working for Lerøy for 18 years, taking part in the Group's development. Today, Lerøy Seafood Group is a leading, global seafood company with a total of 2,200 employees, including associated companies, with 1,400 employees in Norway and 800 abroad. Every single member of the organisation has made their own special contribution to the fantastic development in result in 2010, with positive growth and improved results within all business segments. This is an achievement of which we all can be proud. I have great confidence that, with hard work and the will to further develop the Group, we are fully able to continue in this trend. To do so, we all have to pull in the same direction.

The fish farming industry can now look back on a record-breaking year with high salmon prices. The main reason for the good prices is the strong demand for salmon and trout on the global market, combined with limited growth in supply. Production in Chile has seen a dramatic decline in recent years. In 2010, the global supply of Atlantic salmon fell by 2%. This has resulted in a significant increase in demand for salmon from Europe to the USA. In addition to the strong increase in demand from the USA, we have experienced an incredible development in a number of our major markets, including Russia where growth was as high as 33%. Even relatively new markets (China, Hong Kong, Taiwan, Thailand, Vietnam and the Ukraine) are showing signs of exciting developments for salmon, with a growth of around 30%. Perhaps the most satisfactory statistic is the vast growth in the demand for fresh salmon in our own domestic market in Norway, with a growth of 66%.

2011 also appears to be an extremely good year for the seafood industry. With increased demand and a continuation of the positive development in new markets, we are confident of a well-balanced market with relatively good prices for both salmon and trout. In other words, we have a very exciting year ahead of us.

Lerøy Seafood Group is a total supplier of seafood, providing us with a unique position. The Group's product range allows us to deliver practically the full range of seafood products demanded by customers, affording us a unique competitive edge. Customers can buy the full package. Seafood is healthy and in fashion, and we are experiencing a positive growth in demand in practically all our markets.

The fact that the health authorities in numerous countries are now recommending 2-3 meals made of up seafood per week provides a solid basis for increased demand for seafood. No other food produce can compete with this.

The majority of nutritional requirements for humans can be found in salmon. What's more, salmon is also the most important source of several essential nutrients. Of equal importance to the content of individual nutrients is their combination and interaction – salmon truly is a unique «nutritional package». We as a Group and our industry as a whole have to improve our methods of informing the general public of the health-related benefits of eating sea-food. Eating salmon prevents health-related problems.

At the time of writing, seafood is perhaps the one category of food produce which has been least developed. If we compare seafood with chicken or meat, it is clear that a much higher level of innovation and product development has been invested in these products

«Perhaps the most satisfactory statistic is the vast growth in the demand for fresh salmon in our own domestic market in Norway, with a growth of 66%.»

than in the seafood industry to date. We still have a lot to learn in this area, and we are ready to do so! This area is full of potential for the seafood industry and for Lerøy Seafood Group as a corporation. We currently have a strong focus on developing this category through innovation and product development, in cooperation with our partners/ customers. We have to concentrate on supplying the customer with something new continously, and making it easier for them to choose seafood for every meal. A focus on simplicity plays a central role in our product development strategy. In the future, consumers will not be buying whole fish – this is a simple fact.

Ambition: «Lerøy in every kitchen»
Lerøy Seafood Group aims to invest in processing of seafood in Norway, in combination with processing facilities in areas close to our customers in order to ensure cost-efficiency, availability and flexibility. Our aim is to process fish to the highest degree possible before transport to the customer. This provides both environmental and social benefits, including increased employment and value creation in coastal communities, in line with our ambition to be at the forefront of developments within our category.

An increase in innovation is increasingly underlined as a fundamental element for the future of Norway. Lerøy Seafood Group is recognised for its innovative efforts over the past century. We aim to continue in this way, and have a target to be at the very forefront in terms of innovation within every part of our value chain. We follow a carefully planned strategy for innovation and take a proactive approach to developments.

Over the past year, there has been a considerable focus on the environmental challenges faced by the fish farming industry. At Lerøy Seafood Group, we take the environment very seriously. Having a good strategy for and approach to environmental protection equals good economy. We live off the resources in our sea and are responsible for making sure that we can continue to do so in the future. We maintain our focus on long-term sustainability and not on short-term profits. In 2010, Lerøy Seafood Group slaughtered

«2010 will go into the history books as the best year ever for Lerøy Seafood Group. »

a total of 117,000 tons of salmon and trout, and is the second largest producer of these species in the world. This represents a significant responsibility for ensuring the least possible environmental impact from our production activities, and for leading the way within the industry when it comes to the environment. It is important to repeat here that environmental protection equals good economy.

We have maintained a constant focus on sustainable operations at Lerøy Seafood Group, including safeguards against escape of fish, sustainable locations and work to prevent the spread of salmon louse.

Our goal is for zero escape of fish. In 2010, Lerøy Seafood Group achieved this goal (zero escapes with 35 million fish). The Group works continuously towards optimising equipment and operating procedures in order to prevent escape of fish in the future.

The battle against salmon louse took an extremely positive turn in 2010, when Lerøy Seafood Group halved the number of treatments required for salmon louse. This was made possible by improvements to operating procedures.

In line with regulations, the Group carries out regular investigations of its production facilities. These investigations (so-called MOM-B investigations) are carried out by independent monitors. It is extremely important to chart all locations in order to ensure optimal production conditions and a sustainable utilisation of the different locations.

Lerøy Seafood Group maintains a constant focus on sustainable operations. This includes the input factors for our production. We have for example a comprehensive requirement specification for our feed suppliers, including requirements for regulated and sustainable catch of marine raw materials. We have achieved «Global Gap» standard certification.

We shall deliver a product in which we can take pride, and we shall be confident that our activities do not harm the environment.

Lerøy Seafood Group supplies seafood to over 60 markets worldwide. Over numerous years, we have developed an extremely good level of cooperation with our foremost customers in all these markets. I would therefore like to express our thanks to all our customers who have stayed with us throughout 2010. We look forward to an equally successful collaboration in the years to come.

Finally, I would like to thank all the employees in Lerøy Seafood Group for their fantastic work over the past year. I am extremely proud to be part of a Group with so many talented and enthusiastic employees.

Henning Beltestad
Chief Executive Officer
Lerøy Seafood Group

Corporate governance

Corporate Governance is an international concept which tentatively may be translated to Norwegian as Shareholder Management and Control. We understand the concept to be a collective term covering the company's behaviour and customary practices within several sectors, such as management practice, mechanisms for management and control, Board of Director ethics and shareholder policies. Several of these sectors are governed by company law representing a minimum of what the company's various partners may expect. Requirements from the Oslo Stock Exchange and the Group's own goals in conjunction with demands from international and national partners for continuously profitable commercial activities, imply that Lerøy Seafood Group shall be recognised for exercising Corporate Governance beyond the minimum requirements.

For the sake of good order, we must point out that this chapter is not a complete description of the company's Corporate Governance. Rather, it is a review of certain specific and central elements of the Corporate Governance concept that relates to the interface with the company's present and future owners.

ETHICS AND SOCIAL RESPONSIBILITIES

Lerøy Seafood Group takes a very conscious approach to its responsibility for ethical conduct, society at large and the environment.

As a general rule, Lerøy Seafood Group shall with its trading partners fully comply with legislation in the respective countries and with the company's own/ Lerøy Seafood Group's quality systems/ 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. Our goal is to contribute towards improving human rights, labour rights and environmental protection, both within our own Group, in relation to our suppliers and subcontractors and in relation to our trading partners.

ACTIVITIES

The company'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 activities are represented by the annual report as a whole, but can be summarised as follows: *«The Group's core activities are distribution, sale and marketing of seafood, processing of seafood, production of salmon, trout and other species, as well as product development».* Lerøy Seafood Group's vision is to be the leading and most profitable global supplier of seafood.

THE BOARD OF DIRECTORS AND ITS FUNCTION

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 for establishing so-called «board committees».

For several years, as well as during its eight meetings in 2010, the Board has maintained a particular focus on the connection between practical operations and strategic business development. The Board and company management has since 1997 worked purposefully to develop the Group into a wholly integrated leading and profitable seafood group. This work has for a considerable time been carried out in accordance with our public announcements. In this respect, reference is made to the «Purpose of Share Distribution» described in the prospectus issued for registration on the Oslo Stock Exchange in June 2002: *«With this share issue the company wants to secure active future participation in the restructuring and internationalization taking place in the industry. Consequently, in order to capitalise on past performance and to be in position for future earnings, the Lerøy Seafood Group will assess possible acquisition and merger alternatives as well as possible alliances that may enhance the basis for further value creation».* The Board's work reflects this strategy and the results are shown through management implementation.

The 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, but these must be continuously developed in order to accommodate fluctuating economic conditions.
The Group's regional structure with independent units, also in respect of short-term reporting, facilitates good control and a powerful focus.
The internal control is based on daily and weekly reports that are summarised into monthly reports tailored to the individual company, while at the same time providing satisfactory reporting at group level.

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

The current Board members are:
Chairman of the Board, **Helge Singelstad**, was appointed to the Board by the extraordinary general shareholders' meeting on 26 November 2009. Helge Singelstad is 48 years old and 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 has previously held positions as CEO, Vice CEO and CFO of Lerøy Seafood Group over a number of years. Consequently, he has broad knowledge of the Group and the industry. Helge Singelstad is Chairman of Austevoll Seafood ASA and Member of the Board of DOF ASA. In addition, he is the Managing Director of Laco AS. Helge Singelstad owns no shares or options in Lerøy Seafood Group ASA as per 31 December 2010, but indirectly owns shares in the Group as a shareholder in Austevoll Seafood ASA.

Board member **Fons Brusselmans** has been a member of the Board since the 1998 ordinary shareholders' meeting. Fons Brusselmans is 60 years old and 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 2010, Fons Brusselmans and related parties owned 3,800 shares in the company.

Board member **Arne Møgster** was appointed to the Board by the ordinary shareholders' general meeting on 26 May 2009. Arne Møgster is 35 years old and 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** was appointed to the Board by the ordinary shareholders' general meeting on 20 May 2008. Britt Kathrine Drivenes is 48 years old and holds a BA degree in 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** was appointed to the Board by the extraordinary shareholders' meeting on 12 December 2008. Hege Charlotte Bakken is 38 years old and holds 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 Managing Director of Marvesa Rotterdam N.V. Among other areas, she has previous experience from Pronova BioPharma Norge AS, FishMarket International AS, FrioNor AS, and Norway Seafoods ASA. Hege Charlotte Bakken has also served as board member for Pronova Biopharma Norge AS and Pronova BioPharma ASA. She owns no shares in the company as per 31 December 2010.

Board Member **Hans Petter Vestre** was appointed to the Board as the employees' representative at the ordinary shareholders' meeting on 24 April 1995. Hans Petter Vestre is 44 years old and 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 2010.

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 operational development. The Board has not elected a Vice Chairman; to date, the Chairman of the Board has always been present. In the case of his absence, the Board will make satisfactory arrangements for chairing the meeting.

Audit committee

The audit committee consists of Fons Brusselmans (Chairman) and Britt Kathrine Drivenes (member). The audit committee reports to the Chairman of the Board. The audit committee performs a quality audit of the internal control and reporting system and is responsible for the Board's dialogue with and monitoring of the external auditor. The audit committee held three meetings in 2010.

Nomination committee

The ordinary shareholders' 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 shareholders' meeting for a period of two years. The company's nomination committee is charged with preparing suggestions for the composition of an owner elected Board of Directors and to submit recommendations to the shareholders' meeting for appointments to the Board. At present the nomination committee members are Didrik Munch (Chairman), Helge Møgster and Benedicte Schilbred Fasmer.

DIVIDEND POLICY

Based on continued growth and improved profitability, Lerøy Seafood Group aims to create financial values for its shareholders, staff and society in general. Lerøy Seafood Group aims to provide a satisfactory rate of return from all its activities. The yield to shareholders in the form of dividends and share price performance ought to reflect the company's value generation. Distributed dividends should develop in line with the company's financial strength, growth and profitability.

The recommended dividend distribution for the year is NOK 10.00 per share, which is in line with the company's traditional dividend policy.

The company's dividend policy implies that, over time, dividends should lie in the region of 30% to 40% of net profits after tax. 2010 has been an extremely good year for Lerøy Seafood Group. Accordingly, the Board has recommended an extraordinarily high dividend distribution of NOK 10.00 per share. However, care must be taken at all times to ensure that the Group has sufficient financial contingency planning in preparedness for new and profitable investments. In the long run, value generation will increasingly be in the form of higher share prices rather than in declared dividends.

FINANCIAL GOALS

On-going structural changes in the global industry in which the company operates, seen in conjunction with the cyclical nature of the industry, demand that the company at all times must maintain a satisfactory financial preparedness. 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 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.

RISK

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, minimise individual risk and keep risk as a whole within acceptable limits.

Operating risk

The Group's fish farms are located in relatively open seas which provide the best conditions for fish farming in terms of the environment and the health of the fish. However, this places significant demands on both personnel and equipment. The production plants are continuously subjected to the forces of nature, representing a certain risk of damage to equipment which, in turn, may result in fish escaping. The company did not lose fish in this way in 2010 and maintains its goal for zero escape as this goal is considered to be attainable. Furthermore, keeping animals in intensive cultures will always represent the risk of illness. Fish are particularly vulnerable to illness when they start life at sea, as they are exposed to stress during this period and have to adapt to a completely new environment. The risk of illness can be reduced by ensuring high quality smolt, vaccinations, good conditions and the correct locations for the fish. The Group places a significant emphasis on ensuring that the marine input factors for fish feed originate from sustainable and regulated fishing sources.

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 quota of sales is so-called contract sales.

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

Currency risk

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

Credit risk

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

Interest rate risk

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

Liquidity risk

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

SHAREHOLDERS' MEETING

Negotiability and voting rights

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 shareholders' meeting. Shareholders' rights are governed by the Public Limited Companies Act (Norway), cf. in particular chapter 4 of the Public Limited Companies Act (Norway).

Attendance or proxy

Shareholders may cast their votes at the shareholders' meeting either by attending in person or by proxy.

Authorities granted to the Board of Directors

Authorities 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 shareholders' meeting on 12 May 2000. This authority has subsequently been renewed, most recently at the ordinary shareholders' meeting on 26 May 2010, and is to remain valid for 18 months from the date on which the resolution was adopted. The authority was not exercised in 2010. An extension of the authority will be recommended to the ordinary shareholders' meeting on 25 May 2011. As of 31 December 2010, the company owned 229,776 of its own shares.

The Board is authorised to increase the share capital by up to NOK 1,200,000 by issuing up to 1,200,000 shares, each with a face value of NOK 1 through one or more private placings with employees of Lerøy Seafood Group ASA and its subsidiaries. The Board's authority must be seen in light of the company's established option programme, see below. This type of authority was first established by the extraordinary shareholders' meeting on 10 December 1997 and has subsequently been renewed, most recently by the ordinary shareholders' meeting on 26 May 2010. The authority is valid for two years from the time the resolution was adopted. An extension of the authority will be recommended to the shareholders' meeting on 25 May 2011. The authority has not been exercised.

The Board has authority to increase the share capital by up to NOK 5,000,000 by issuing up to 5,000,000 shares in Lerøy Seafood Group ASA, each with a face value of NOK 1, through one or more private placings with the company's shareholders and/or external investors. This type of authority was first established by the ordinary shareholders' meeting of 4 May 1999 and subsequently renewed by the ordinary shareholders' meeting on 26 May 2010. The Board did exercise this authority in 2010 in connection with the acquisition of 50.71% of Sjøtroll Havbruk AS where 1,000,000 new shares were issued. It will be recommended that an equivalent authority will be approved by the ordinary shareholders' meeting on 25 May 2011.

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 such authorities renewed at each ordinary shareholders' meeting.

Remuneration including options
Board remuneration is not performance-based. The Board members elected by the shareholders have no share options. The Board's total remuneration is shown in a separate note to the accounts. Should companies with which board members are associated perform work for the company's Board, the question of independence is treated specifically by the Board.

The Group's development is closely linked to its 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 uses a performance-based bonus scheme not exceeding the respective annual wage, non-recurring amounts, sign-on fees, arranged leave of absence, education possibilities and option agreements (see 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, however these have been practised in a few cases, but limited to two years' salary. Severance pay may at times be a good alternative for all parties involved.

Since the spring of 1999, the Board has used options as an important instrument in the Group's development (see also the treatment of options in a separate note to the accounts). 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 2010 were exercised.

Reference is made to descriptions of option schemes and their consequences elsewhere in the annual report. 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.

Employees' purchase of shares at reduced price
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%).

Auditing
The company's auditor follows an auditing plan which has been reviewed in advance together with the audit committee and management. Furthermore, 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 reports are to be approved, and also holds a meeting on the subject of the annual report with the Board of Directors, at which the management does not attend. 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. Moreover, the auditor is available for questions and comments to the annual accounts and other matters at the Board's discretion.

INFORMATION

Lerøy Seafood Group ASA strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties. The company has presented quarterly reports with financial information since 1997. Timely, relevant, consistent and current information is the basis upon which all interested parties will assess the value of the company's shares. The company's most important medium for distributing information will be the Oslo Stock Exchange reporting system, but the company also aims to present such information directly to investors and analysts. Lerøy Seafood Group aims to keep its shareholders informed via 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. The company has been awarded the so-called "Information Badge» and the "English Badge" by the Oslo Stock Exchange.

The company's web site will also be updated with relevant information. The company's web site is at: www.leroy.no.

TECHNICAL INFORMATION

As of 31 December 2010, 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 2010 was 1,142 of whom 175 were foreign shareholders. The company's register of shareholders, cf. section 4-4 of the Public Limited Companies Act (Norway), was registered with the Norwegian Central Securities Depository (Verdipapirsentralen – VPS) on 28 November 1997 and carries the VPS registration number
ISIN NO-000-3096208. DnB NOR Bank ASA, Oslo, is the account manager.
The share's Ticker code on the Oslo Stock Exchange's main list is LSG.
The company's business register number in the Register of Business Enterprises is 975 350 940.

The overview below shows the so-called RISK values for the company's shares:
1 January 1996 NOK 0.0
1 January 1997 NOK 1,592.60
1 January 1998 NOK 3.50
1 January 1999 NOK 1.14
1 January 2000 NOK 0.83
1 January 2001 NOK 0.89
1 January 2002 NOK 1.69
1 January 2003 NOK -0.02
1 January 2004 NOK -0.59
1 January 2005 NOK -0.88
1 January 2006 NOK -1.80

RISK values have not been calculated since the 2006 accounting year because of changes in the tax regulations. Adjustment factors applied when redistributing RISK amounts after share splits:
Share split on 11 May 1998, factor 0.10000
Share split on 30 June 1997, factor 0.00100

Actual distributed dividend for the accounting year 2004 was NOK 0.80 per share. Each shareholder can therefore demand RISK per 1 January 2005 adjusted from NOK -0.88 per share to NOK -0.80 per share.

FINANCIAL CALENDAR

The company reserves the right to alter the financial calendar during the year.

23 February 2011
Preliminary result for the year 2010

12 May 2011
Presentation of result for Q1 2011

25 May 2011
Ordinary shareholders' meeting

The shareholders' meeting will be Wednesday 25 May 2011 at 10.00 a.m. in the company's office at Bontelabo 2, 5003 Bergen. Shareholders wishing to attend are asked to notify the company via the meeting slip or the proxy form attached to the summons, no later than Tuesday, 24 May 2011.

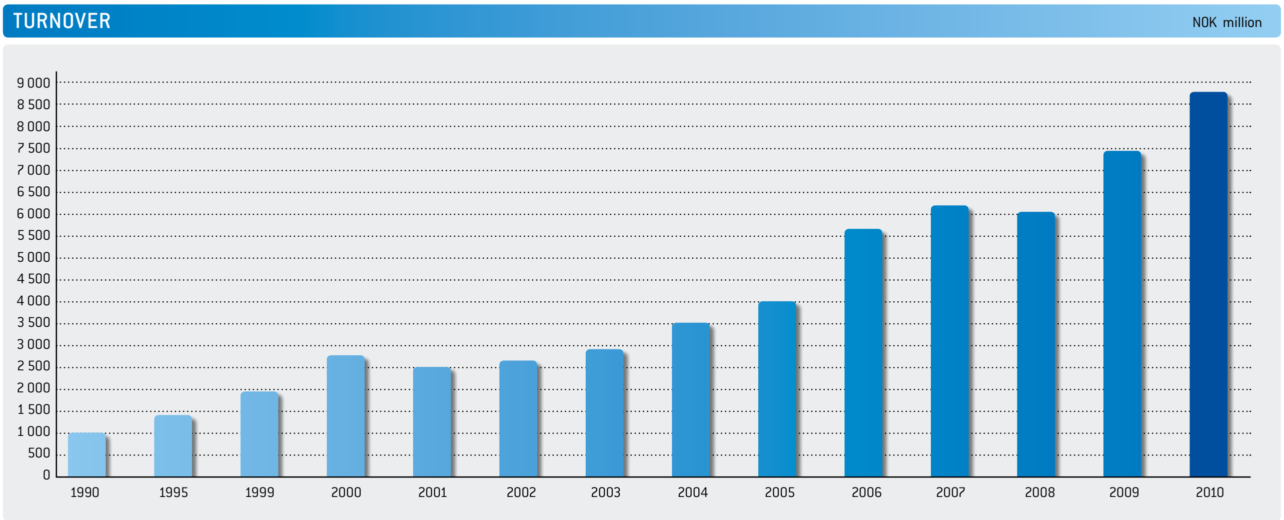
The Board has recommended a dividend of NOK 10.00 per share. If the shareholders' meeting approves the recommended distribution, it will be paid to the shareholders on 3 June 2011. The shares are quoted exclusive of dividend on 26 May 2011.

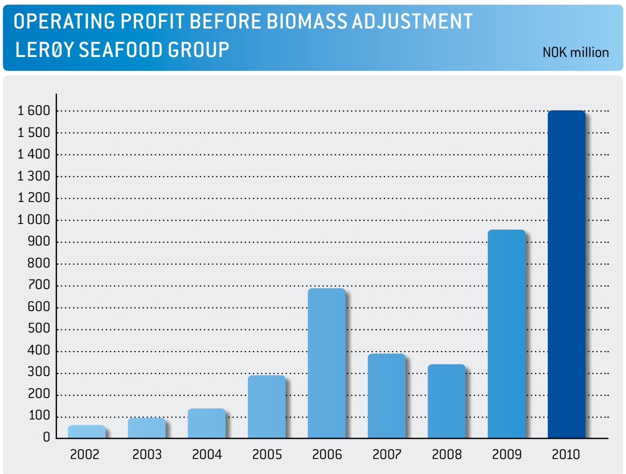
18 August 2011
Presentation of result for Q2 2011

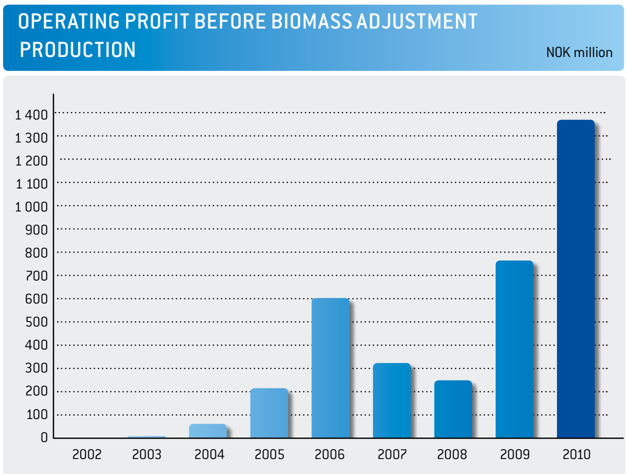
8 November 2011
Presentation of result for Q3 2011

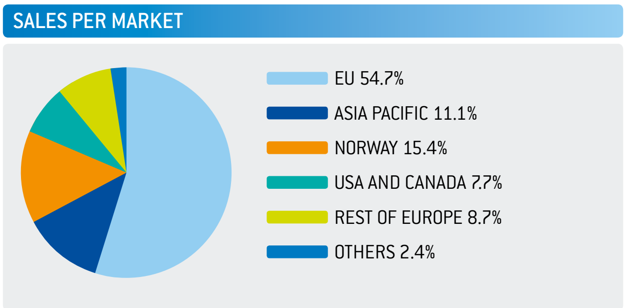
23 February 2012
Presentation of preliminary result for the year 2011

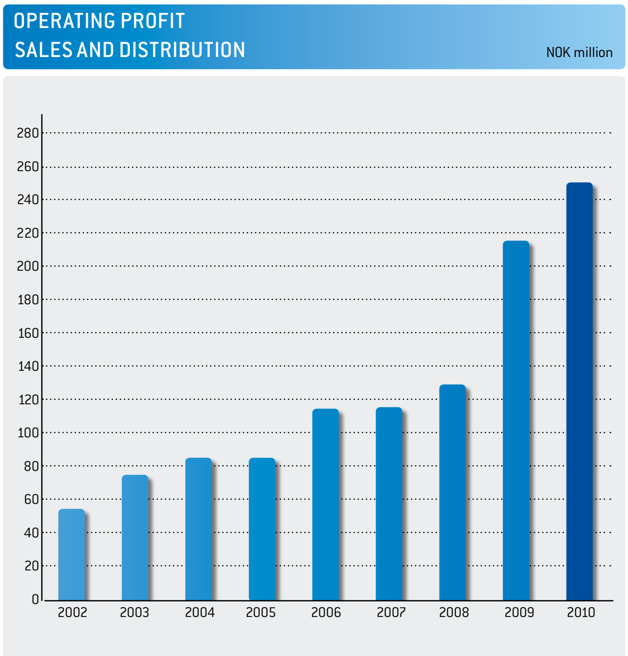
Key figures and graphs for the Group

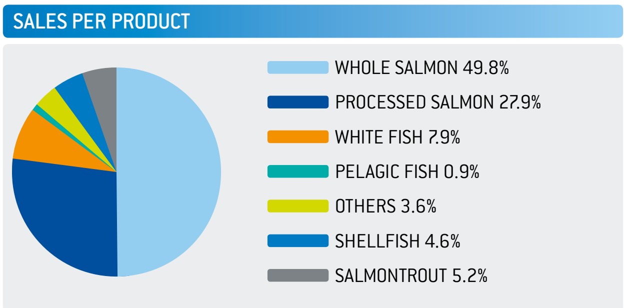












Board of Directors' statement

Regarding salary and other remuneration to senior executives

Statement regarding stipulation of salaries and other remuneration to 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 an 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 to 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.

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

Options

Since the spring of 1999, the Board has used options as an important instrument in the Group's development. In its meeting on 20 June 2006, the Board established a new option scheme limited to 700,000 options at NOK 125 each. These options were fully distributed as of 29 February 2008, and one third of the options can be exercised in the month of May in 2009, 2010 and 2011 respectively. The options that expired in May 2010 were exercised.

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

Pension schemes

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

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

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

Severance pay

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

Non-pecuniary benefits

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

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 for 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 to 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 the boundaries laid

down by the general shareholders' meeting, the Board of Directors will make the decisions as 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 sharehoders' meeting.

Remuneration to 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, 30 March 2011
The Board of Directors in Lerøy Seafood Group ASA

Management report 2010

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 products of high quality 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 works to achieve profitability in all its activities.

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. 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 a 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. 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 65 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 in 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 outside capital on good terms. The company's financial contingency planning, both present and future, will allow the Group to take part in the value-generating structural reorganisation now taking place.

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. Through 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 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 2010, 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, white-fish 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 give 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 place of work. One of several important prerequisites for the Group's continued positive development is its ability to offer attractive jobs to as many talented employees as possible. The Group must maintain a strong focus on leading the competition for result-oriented and skilled personnel with higher than average capacities for work and change.

In Norway, the Group had activities in 9 counties and 38 municipalities at year's 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. It is of decisive importance that public authorities maintain an interest in and understand the need for continuity and predictability in the development of general conditions for our industry. The national importance of the fish farming industry for employment and value creation is considerable, but it is essential that the bodies which stipulate general conditions take on a long-term philosophy and base their decision-making on facts if the industry is to develop further. It is also of decisive importance to avoid inflicting special Norwegian fees and duties on the Norwegian fish farming industry which would hamper any opportunities for businesses to succeed in this international and extremely competitive industry. We hope that the industry, together with the public authorities, can work together to ensure a set of general conditions which substantiates the development of an internationally competitive industry.

In countries outside Norway, the Group has most 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. Sale & 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 makes such exchange possible. 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 2010, the Sale and Distribution segment generated a turnover of NOK 8,670 million and an operating profit of NOK 255 million compared with NOK 7,361 million and NOK 217 million respectively in 2009. This positive development is generated by a number of factors, including good exploitation of capacity, a good market for the segment's products – Atlantic salmon and trout – and improved return from the segment's strong position on the main global fish markets.

Measured in sales, **Hallvard Lerøy AS** is the largest company in the Group, generating a turnover of NOK 7,770 million in 2010 which represents a significant increase from NOK 6,403 million in 2009. 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 fish food 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 sister companies in Bergen, Oslo, Stavanger and Trondheim. The business is based upon establishing regional foundations and expertise in the customer's geographical operating area. At the same time, the Group's network offers economies of scale from nationwide marketing and distribution of seafood. The management expects that the company's investments in nationwide distribution of fresh fish will generate additional business for the company in the years to come.

Lerøy Sverige AB is a holding company for the three Swedish companies Lerøy Allt i Fisk AB, Lerøy Stockholm AB and Lerøy Nordhav AB. These companies have been owned by the Group since 2001. Lerøy Allt i Fisk AB in Gothenburg is a full-range seafood company holding a particularly strong position in the Swedish catering and institutional 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 competent 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 Seafood Group. Nordvik SA is one of the largest importers of fresh fish in France. Further development of these two companies continues in cooperation with their very able local management and their motivated and competent staff.

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

In January 2011, Lerøy Seafood Group acquired 51.0% of the shares in **Jokisen Eväät OY** in Åbo/Turku, Finland. The acquisition is in line with the 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 the year 2010, the Production segment generated a turnover of NOK 4,716 million and an operating profit before biomass adjustment of NOK 1,385 million compared with NOK 3,729 million and NOK 755 million respectively in 2009. The extremely positive development in profit is attributed to increased volumes and higher prices for the Group's main products, Atlantic salmon and trout. 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 production 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. 144,000 tons of salmon and trout in Norway. 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 salmon and trout from 54 licenses. The last and largest region is West Norway where the companies Lerøy Vest AS and Sjøtroll Havbruk AS produce Atlantic salmon and trout from 59 licenses. The Group has a total of 130 licences for production of fish for consumption in Norway.

In addition, the Group has its own production of roe and smolt. The Group's

Company	Ownership share	Licences No	Mill. smolt individuals	2009 GWT	2010 GWT	2011E GWT
Lerøy Midnor AS	100%	30	9.5	35 000	34 000	36 500
Lerøy Aurora AS	100%	17	6.0	19 300	20 300	20 500
Lerøy Hydrotech AS	100%	24	7.0	21 500	25 200	24 000
Lerøy Vest AS	100%	34	14.2	32 700	34 300	37 000
Sjøtroll Havbruk AS*	50.71%	25	8.4		3 000	26 000
Total Norway		130	45.1	108 500	116 800	144 000
Norskott Havbruk AS (UK)**	50%		6.0	13 200	13 500	11 500
Total			51.1	121 700	130 300	155 500

Consolidated, farming Affiliated, farming *Acquired and consolidated as from November 2010 **LSG´s share

strategy of being self-sufficient in 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 located on Hitra on the central Norwegian coast. The organisation consists of motivated and skilled employees. Lerøy Midnor AS is one of Norway's most cost-efficient 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 2010 the company harvested 34,000 tons of salmon and expects an increase to 36,500 tons in 2011. The profit performance in 2010 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 made up of skilled and committed employees is located in Kristiansund (N). Lerøy Seafood Group ASA first became a shareholder in the company through a private placing (23%) in 1999. Later 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 salmon. The company also has licenses for production of smolt and is a supplier of smolt to other fish farming companies in Norway. The company's plant for processing of salmon and trout in Kristiansund (N) handles the company's entire production volume. In 2010 the company harvested 25,200 tons of salmon and expects production of 24,000 tons in 2011. 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 2010, the company harvested 20,300 tons of salmon and expects a production of 20,500 tons in 2011. 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 young fish and one partly owned young fish 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 Pancreas Disease. Numerous operational actions have been taken including a comprehensive vaccination program. Despite a very positive development in 2010, Lerøy Vest's results are also for this year

Farming Norway

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 2010 the company harvested 34,300 tons of salmon and trout and expects an increase to 37,000 tons in 2011.

In November 2010, Lerøy Seafood Group acquired 50.71% of the shares in **Sjøtroll Havbruk AS**. 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. The annual prognosis for the company for 2011 is 26,000 tons of slaughtered weight of salmon and trout. 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 numerous 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 two so-called associated companies; Norskott Havbruk AS in Scotland and Alfarm Alarko Lerøy in Turkey. On the back of favourable market conditions and good production, associated companies achieved satisfactory returns in 2010. On aggregate, associated companies gave the Group a profit share of NOK 122 million in 2010 compared with NOK 63 million in 2009.

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 today owns 100% of Scottish Sea Farms Ltd, the second largest fish farming company in Scotland. Scottish Sea Farms Ltd harvested 27,000 tons salmon in 2010 and expects to harvest 23,000 tons salmon in 2011. 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. The company has developed the Turkish market for Atlantic salmon in close collaboration with Hallvard Lerøy AS. 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.

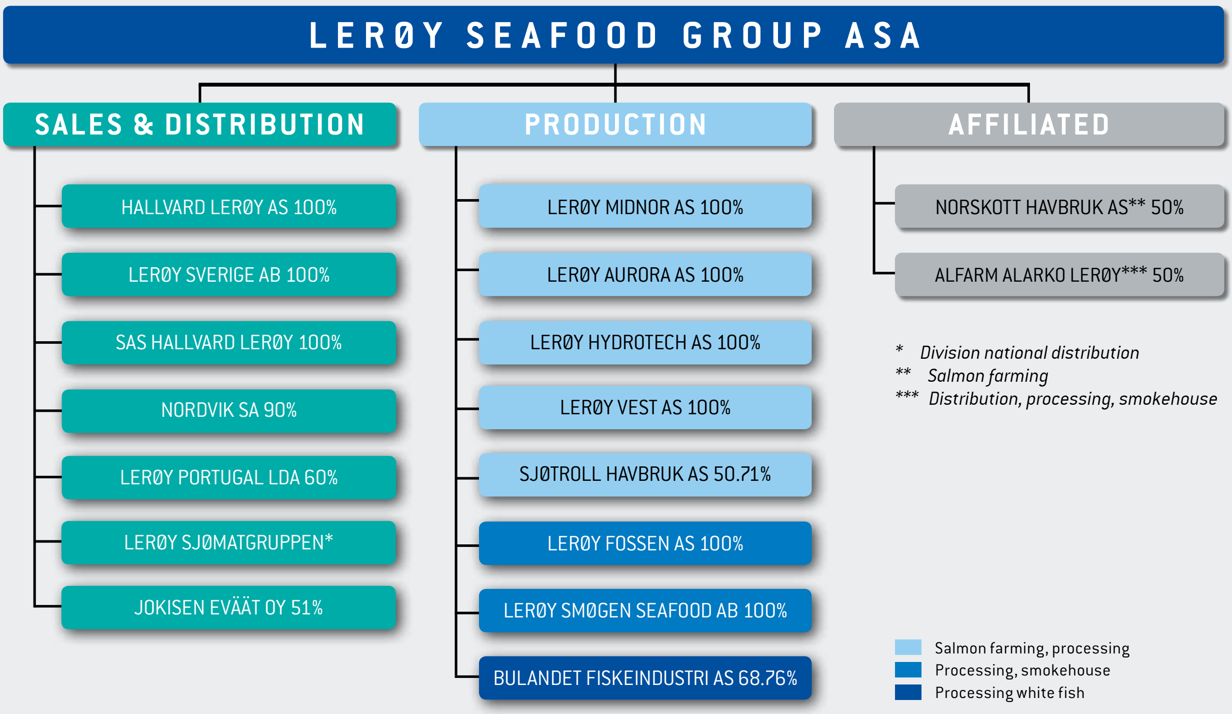
Risk management
Continuing to develop systems for identifying risks in order to avoid imbalances between commercial risks and the quest for profitability. The Group's risk profile and its strategies for value generation shall be reconciled with the Group's available resources.

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.

CORPORATE STRUCTURE



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

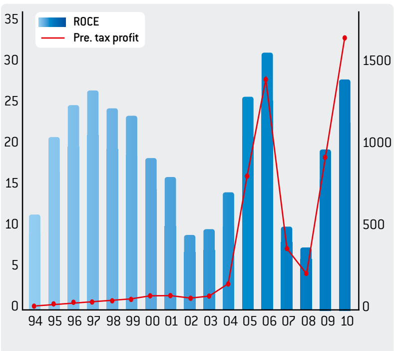
Board of Directors' report 2010

FINANCIAL MATTERS

In 2010, Lerøy Seafood Group had operating revenues of NOK 8,888 million, an increase from NOK 7,474 million in 2009. 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 1,623 million in 2010 compared with NOK 927 million in 2009. The Group's operating result before value adjustment for biomass was NOK 1,586 million in 2010 compared with NOK 950 million in 2009. The Group's operating margin before adjustment for biomass was 17.8% in 2010 compared with 12.7% the previous year.

The Sale and Distribution segment has had a high level of activity and can report positive developments. The segment's operating result for 2010

RETURN ON CAPITAL EMPLOYED AND EARNINGS BEFORE TAX AND BIOMASS ADJUSTMENT



was NOK 255 million compared with NOK 217 million in 2009. The Production segment reported an operating result before biomass value adjustment of NOK 1,385 million in 2010, compared with NOK 755 million in 2009. On aggregate, associated companies gave the Group a profit share of NOK 122 million in 2010 compared with NOK 63 million in 2009. The Group's net financial items for 2010 were negative at NOK 66 million compared with a negative figure of NOK 86 million in 2009.

Both turnover and operating result before adjustment for biomass value are by far the best Lerøy Seafood Group has ever achieved, resulting from increased volume and good prices for the Group's main products of Atlantic salmon and trout. In addition, the Sale and Distribution segment has had an exceptionally good development in 2010. The reduction in the total supply of salmon combined with a strong growth in demand for salmon has allowed for extremely good prices for the company's products. However, long-term contracts have resulted in considerably lower prices than what could have been achieved on the so-called spot market. 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 2010 corresponds to a result before biomass value adjustment of NOK 22.08 per share, compared with NOK 12.80 per share in 2009. The Board of Directors intends to recommend a dividend payment of NOK 10.00 per share to the company's ordinary shareholders' meeting for 2010. The return on the Group's capital employed in 2010 was 27.5% compared with 18.1% in 2009. The Group is financially sound with book equity of NOK 5,994 million, which corresponds to an equity ratio of 52.8%. At the end of 2010, the company had 54,577,368 shares outstanding. The Group's net interest-bearing debt at the end of 2010 was NOK 1,299 million compared with NOK 1,443 million at year-end 2009. With adjustment for the dividend paid and the acquisition of Sjøtroll Havbruk AS, the net cash flow generated for 2010 totalled NOK 1,208 million. The Group's balance sheet value is NOK 11,352 million as of 31 December 2010 compared with NOK 8,307 million as of year-end 2009. 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.

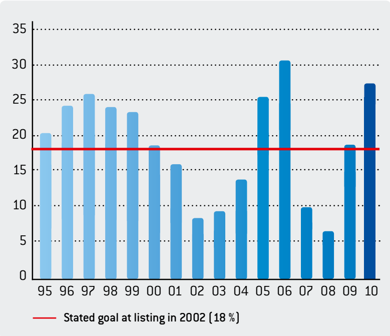
Political trade barriers and operating environment

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, there are stringent requirements 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

RETURN ON CAPITAL EMPLOYED (ROCE) (%)



one of the world's leading producers of salmon and trout. The Group has consolidated its position as a principal actor in the distribution of seafood in Norway and Sweden, 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 customers with a cost-efficient distribution of fresh seafood. The Group's focus on sales, distribution and processing will be increasingly emphasised in the years to come. The Group's processing activities in Sweden and France are examples of such strategic investments. 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.

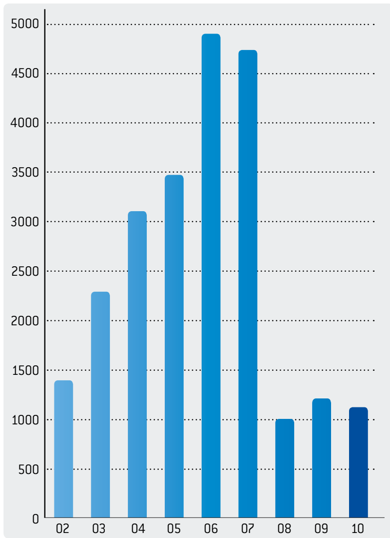
Viewed against the background of the Group's many years of developing alliances, quality products, markets, brands and quality assurance, the Board feels that the outlook for generating increased value for the company's shareholders and the Group's important partners is good. In coming years, the Group will continue to work towards long-term 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 deliveries, 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 2010, the company had 1,142 shareholders against a comparison figure of 1,207 shareholders at the end of December 2009.

Employees

The parent company Lerøy Seafood Group ASA has its main offices in Bergen, Norway. In addition to the Group's CEO, the parent company has six employees. Administratively, all personnel functions are handled by the wholly-owned subsidiary Hallvard Lerøy AS. At the end of the year there were 1,794 employees in the Group including 542 women and 1,252 men, compared with a total of 1,563 at the same time in 2009. Of the Group's total number of employees, 1,415 work in Norway and 379 abroad. Independently of the demand for equal opportunities for men and women, the Group has always placed decisive emphasis on individual skills, performance and responsibility in its recruitment policy and salary systems. Furthermore, the Group ensures at all times equal employment opportunities and rights for all employees and works hard to prevent discrimination based on national origin, ethnicity, colour, language, religion or personal philosophy. One of the company's goals is to provide a workplace without discrimination because of disabilities. For employees or work applicants with disabilities,

NUMBER OF SHAREHOLDERS

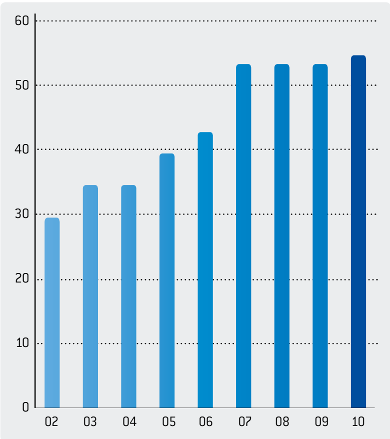


the company will arrange individually adapted work tasks and environments.

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

This requires flexible employees who are dynamic, willing to adapt and learn. The Board wishes to express its appreciation of the contributions made by the Group's employees throughout 2010 and their focus on efficient operations which has helped generate the annual result.

NUMBER OF SHARES in million



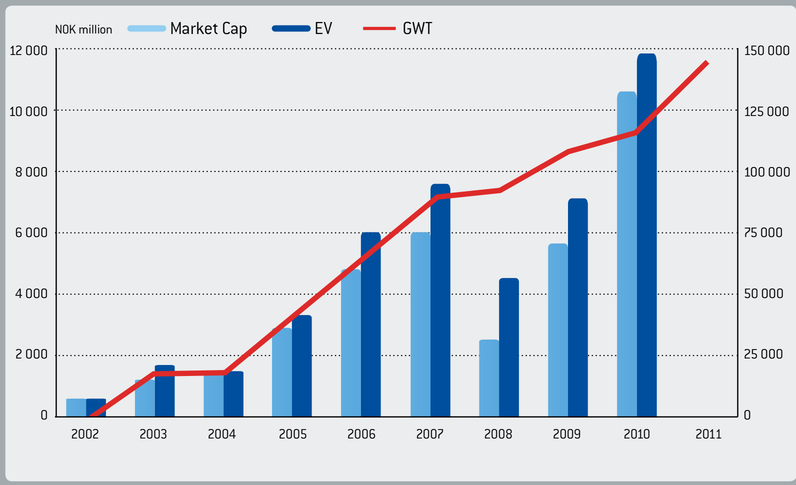
Health, safety and the environment

In 2010, only minor injuries were reported for employees. Furthermore, the Norwegian subsidiaries have reported an accumulated sick leave of 4.5%, down from the 5.9% reported in 2009. Sick leave comprises 2.3% long-term sick leave and 2.2% short-term sick leave. The Board is pleased to observe that the Group works actively to keep sick-leave as low as possible. Comparable sick leave statistics are not available from the foreign subsidiaries. However, the organisations in the individual subsidiaries are continuously being developed to ensure that they can deal with new challenges and changes in framework conditions. The working environment and cooperative atmosphere are good.

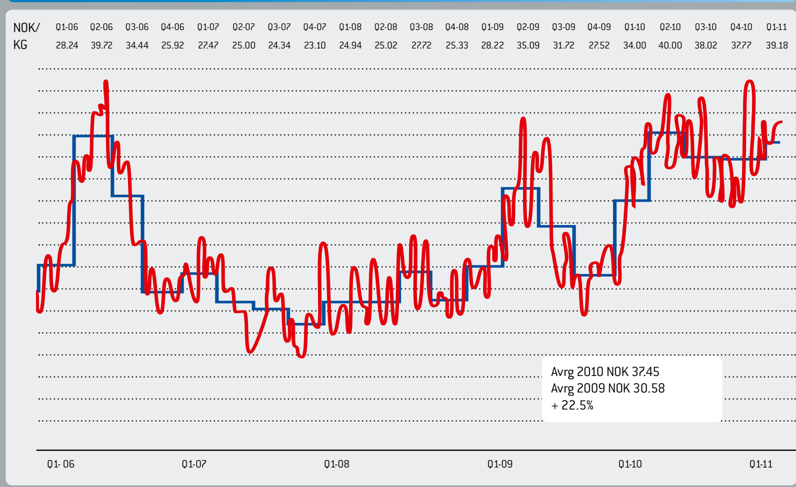
External environment

The Group works constantly to follow up its own as well as public requirements regarding environmental investments. The Group's operational procedures for

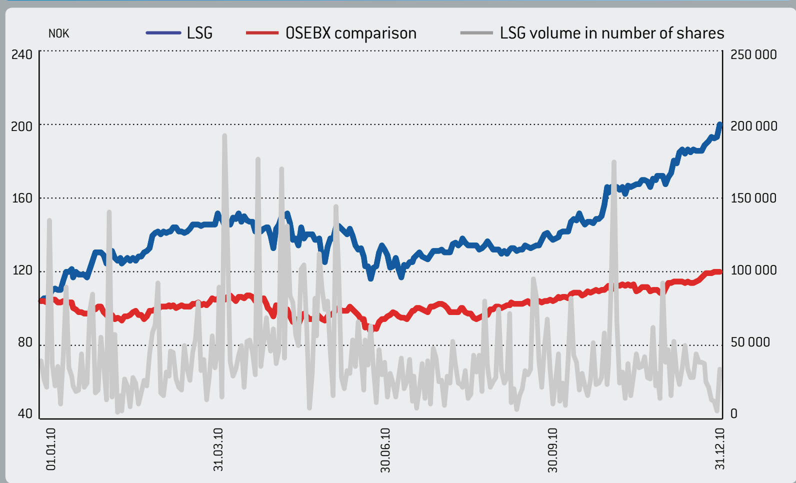
NINE YEARS WITH SUSTAINABLE GROWTH, MORE TO COME!



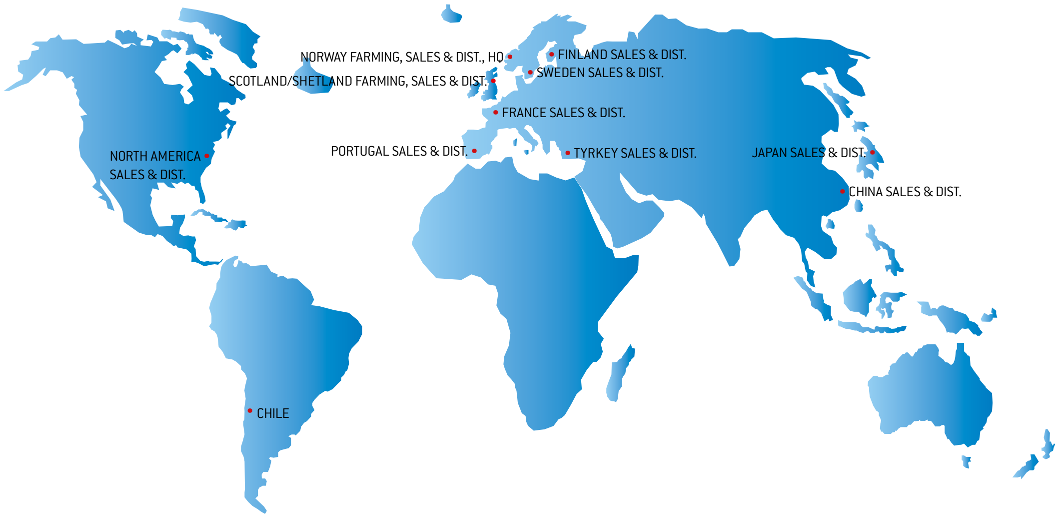
SPOT PRICES, FRESH ATLANTIC SALMON, CROSS-SECTION, FCA OSLO, FROM WEEK 1-2006 TO WEEK 6-2011 (SUPERIOR QUALITY)



LERØY SEAFOOD GROUP AND OSEBX IN 2010



LERØY SEAFOOD GROUP CORPORATION



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.

Result and allocations, Lerøy Seafood Group ASA

In 2010, Lerøy Seafood Group reported an annual result of NOK 1,059 million, compared with NOK 472 million in 2009. Distributable equity as of 31 December 2010 amounted to NOK 777 million. The company's accounts are submitted on assumption of going concern.

The Board proposes the following allocation of the 2010 annual result (NOK 1,000):

Dividend (NOK 10,00 per share)	545,774
Transferred to other equity	512,750
Total allocation	1,058,524

The company is financially sound with an equity ratio of 63.7% and has satisfactory financing compatible with the Group's strategy and operational plans.

Market and outlook

Expectations of future developments in international economy, including the demand for the Group's products, have in 2010 and to date in 2011 become more positive and significantly less marked by fear and uncertainty than in the beginning of the year. That said, the Board of Directors is aware that there remains a stronger than normal uncertainty in the macroeconomic picture. The development in demand for the Group's main products, Atlantic salmon and trout has been positive to date in 2011. A higher increase in the global supply of salmon and trout is expected in the near future when compared with the past two years. Correspondingly, we expect to see a positive development in global demand for Atlantic salmon. Good demand for seafood products combined with expectations of improved productivity throughout the Group, including improvements to biology, allow for a positive attitude towards Group developments.

In line with its market strategy, the Group exported a broad range of seafood products from Norway to a large number of countries in 2010, the most significant being France, Japan, Sweden and USA. It is satisfying to observe that our efforts related to distribution of fish in the Nordic countries result in positive developments that strengthen our own and our customers' position in this important seafood market. Demand for the Group's products is good. Competition in the international food market demands that the Group constantly seeks more cost-efficient and market-oriented solutions in its efforts to satisfy its customers. This will in turn ensure profitable growth in the future. It is the Board's opinion that the Group's strategic business development in recent years in conjunction with the underlying product development and market-oriented structure, has given the Group a more robust earnings platform for the years to come. At the time of writing, the Board expects to see an improvement in consolidated result for the Group in 2011 when compared to 2010.






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 2010 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, 30 March 2011

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		

Profit & loss account

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

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2010	2009
OPERATING REVENUES AND COSTS			
Operating revenues	13	**8 887 671**	7 473 807
Cost of sales		**5 479 869**	5 177 492
Change in inventory		**132 291**	-135 068
Wages and other personnel costs	11/14	**777 845**	690 477
Other operating costs		**691 791**	586 743
EBITDA		**1 805 874**	1 154 163
Ordinary depreciation	2/3	**219 624**	204 007
Operating result before value adjustment of biological assets		**1 586 249**	950 156
Value adjustment biological assets	7	**298 538**	60 483
Operating result		**1 884 787**	1 010 639
ASSOCIATED COMPANIES AND NET FINANCIAL ITEMS			
Share of result in associated companies	4	**122 006**	62 744
Net financial items	15	**-66 272**	-86 105
Pre-tax result		**1 940 521**	987 278
Total tax cost	12	**-510 952**	-257 137
ANNUAL RESULT		**1 429 569**	730 141
Of which share for controlling interests		**1 419 507**	729 488
Of which share for non-controlling interests		**10 062**	653
Earnings per share	**16**	**26.25**	13.62
Diluted earnings per share	16	**26.25**	13.62

Note regarding accounting principles and note 1-21 form an integral part of the consolidated accounts

Balance sheet

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	31.12.10	31.12.09
FIXED ASSETS			
Deferred tax asset	12	**3 697**	4 461
Licences, rights, goodwill	2	**3 847 760**	2 959 611
Buildings, real estate, operating equipment	3	**1 586 334**	1 225 399
Investments in associated companies	4	**338 864**	272 970
Shares available for sale	4	**22 989**	23 115
Long-term receivables		**8 129**	11 928
TOTAL FIXED ASSETS		**5 807 773**	4 497 484
CURRENT ASSETS			
Biological assets	7	**2 706 733**	1 858 562
Other goods	8	**290 379**	236 311
Accounts receivable	9	**1 013 932**	876 127
Other receivables	5/9	**176 282**	130 734
Cash and cash equivalents	6	**1 357 096**	707 989
TOTAL CURRENT ASSETS		**5 544 422**	3 809 723
TOTAL ASSETS		**11 352 195**	8 307 207

Note regarding accounting principles and note 1-21 form an integral part of the consolidated accounts

Balance sheet

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	31.12.10	31.12.09
EQUITY			
Share capital	20	**54 577**	53 577
Own shares		**-12 355**	-12 355
Share premium reserve		**2 731 690**	2 601 390
Total paid-in capital		**2 773 912**	2 642 612
Other equity		**2 671 798**	1 639 076
Total retained earnings		**2 671 798**	1 639 076
Non-controlling interests		**548 564**	18 568
TOTAL EQUITY		**5 994 274**	4 300 256
LONG-TERM LIABILITIES			
Long-term interest-bearing liabilities	6/18	**2 221 701**	1 504 707
Total long-term liabilities		**1 312**	826
Deferred tax	12	**1 260 028**	834 877
Pension liabilities	11	**9 025**	14 990
Total long-term liabilities		**3 492 066**	2 355 400
SHORT-TERM LIABILITIES			
Accounts payable		**638 213**	615 996
Short-term loans	6	**434 121**	646 105
Public taxes due etc.		**74 312**	55 671
Tax payable	12	**395 233**	93 551
Other short-term liabilities	10	**323 976**	240 228
Total short-term liabilities		**1 865 855**	1 651 551
TOTAL EQUITY AND LIABILITIES		**11 352 195**	8 307 207

Note regarding accounting principles and note 1-21 form an integral part of the consolidated accounts

Bergen, 30 March 2011
Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Chairman of the Board

Fons Brusselmans

Arne Møgster

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employee representative

Henning Beltestad
CEO

Statement of cash flow

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

LERØY SEAFOOD GROUP CONSOLIDATED	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		
Pre-tax result	**1 940 521**	987 278
Taxes paid during the period	**-94 915**	-17 409
Loss/gain on sale of fixed assets		-220
Ordinary depreciation	**219 624**	204 007
Change in value adjustment in biological assets	**-298 538**	-60 483
Change in inventories/biological assets	**-133 265**	-135 067
Changes in accounts receivable	**-67 458**	-103 687
Change in accounts payable	**-8 312**	71 239
Change in other accruals	**11 670**	59 452
Change in net pension liabilities/premium fund	**-5 965**	2 073
Profit impact associated companies	**-122 006**	-62 744
Net cash flow from operating activities	**1 441 356**	944 439
CASH FLOW FROM INVESTMENT ACTIVITIES		
Proceeds from sale of fixed assets	**12 761**	8 201
Payments for acquisitions of fixed assets	**-280 510**	-151 960
Payments for acquisitions of intangible assets	**-1 782**	-1 232
Proceeds from sale of shares	**186**	46
Payments for acquisitions of shares	**-18 441**	-1 765
Dividend payments received from associated companies	**47 540**	46 372
Proceeds from sale of Group companies		2 000
Payments for acquisition of Group companies	**-540 000**	-3 625
Proceeds/payments for other loans (short-term/long-term)	**3 919**	-5 479
Net cash flow from investment activities	**-776 327**	-107 442
CASH FLOW FROM FINANCING ACTIVITIES		
Net payments on short-term credits	**-305 200**	-237 150
Proceeds from establishing new long-term debt	**793 257**	93 954
Instalments paid on long-term liabilities	**-268 906**	-223 998
Equity contributions	**131 300**	1 600
Payment of dividend	**-375 452**	-151 900
Net cash flow from financing activities	**-25 001**	-517 494
Net cash flow for the accounting period	**640 028**	319 503
Cash and cash equivalents at the start of the period	**707 989**	388 486
Cash and cash equivalents from mergers	**9 079**	
Cash and cash equivalents at the end of the period	**1 357 096**	707 989
This consists of:		
Bank deposits etc.	**1 357 096**	707 989
Of which restricted funds	**33 179**	21 218
Non-utilised overdraft facilities	**1 073 099**	546 209

Comprehensive Income

All figures in NOK 1 000

2009 LERØY SEAFOOD GROUP CONSOLIDATED	Share capital	Own shares	Share premium reserve	Other equity	Non-controlling interests	Total equity
The year's result to equity				729 488	653	730 141
Conversion differences etc.				-44 032	-643	-44 675
Comprehensive income 2009				**685 456**	**10**	**685 466**

2010 LERØY SEAFOOD GROUP CONSOLIDATED	Share capital	Own shares	Share premium reserve	Other equity	Non-controlling interests	Total equity
The year's result to equity				1 419 507	10 062	1 429 569
Conversion differences etc.				2 833	-214	2 619
Comprehensive income 2010				**1 422 340**	**9 848**	**1 432 188**

Change in equity

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Share capital	Own shares	Share premium reserve	Other equity	Non-controlling interests	Total equity
Balance sheet as of 01.01.2009	**53 577**	**-12 355**	**2 601 390**	**1 101 073**	**20 658**	**3 764 343**
Comprehensive income 2009				685 456	10	685 466
Share issue					1 600	1 600
Withdrawal non-controlling interests				-192	-1 304	-1 496
Purchase/sale/dividend of own shares				643		643
Payment of dividend				-150 147	-2 396	-152 543
Impact of option program				2 243		2 243
Equity as of 31.12.2009	**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
Purchase/sale/dividend of own shares				1 608		1 608
Payment of dividend				-376 205	-856	-377 061
Impact of option program				-1 426		-1 426
Equity as of 31.12.2010	**54 577**	**-12 355**	**2 731 690**	**2 671 798**	**548 564**	**5 994 274**

Own shares

As of 31.12.2010, the Group's holding of own shares totals 229 776 shares with an average cost price of NOK 53.77 per share.

Notes Lerøy Seafood Group consolidated 2010

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 2010 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 30 March 2011.

(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 and futures contracts.

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).

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), Sigerfjord Fisk AS and the overseas subsidiaries Nordvik SA, SAS Fish Cut, SAS Eurosalmon, Inversiones Seafood Ltda, SAS Hallvard Lerøy (subsidiary of Hallvard Lerøy AS), Lerøy Portugal Lda, Lerøy Sverige AB (group) and Lerøy Smøgen Seafood 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 in the profit and loss account and added to the capitalised value of the investment together with the respective share of changes in equity not booked in profit & loss account, such as dividend. In the profit & loss account, 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 profit & loss account 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 Sales & 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). "Sales & Distribution" comprise 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. 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. The company seeks to protect itself against currency fluctuations by means of various instruments, mainly forward contracts.

Derivatives are carried at fair value at the time of contract and are subsequently adjusted to actual 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. The Group classifies derivatives allocated as hedging instruments as hedging of the fair value of a capitalised asset, liability or a binding commitment not booked (fair value hedging).

Derivatives which are not allocated as hedging instruments are recognised at fair value over result.

Fair value of derivatives are 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 hedging object matures in less than 12 months.

Changes in fair value of derivatives qualifying for fair value hedging, are booked in the P&L 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".

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

Licences/rights

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

(H) FIXED ASSETS

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

The economic 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. Biological assets (fish in sea) are assessed at fair value based on the market prices of gutted salmon and trout on the balance sheet day. 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 valuation of fish in the sea with an average weight of under 4 kg is based on the same principles. However, the price is adjusted in relation to the phase of the growth cycle for the fish. The price will not be adjusted to lower than the cost price, 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 market 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 directly against equity. 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 profit & loss account.

(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 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 profit & loss account includes both the tax payable during the period and changes in deferred tax. Deferred tax is calculated at a rate of 28% (or on 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 regimen, 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 shareholders' meeting.

(R) SHARE BASED REMUNERATION

The Group has a share-based remuneration scheme with settlement 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).

(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 and price risk) as well as 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 31.12.2010 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.

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

IFRS 3 Business Combinations (revised) and related amendments to IAS 27 Consolidated and Separate Financial Statements are applied for mergers and acquisitions with acquisition date after 1 January 2010. The acquisition method for mergers and acquisitions has been changed significantly. According to the revised standard, the effect of all transactions with non-controlling interests shall be charged to equity when there is no change in control. Such transactions will no longer result in goodwill, gain or loss. Goodwill is determined at the time of acquisition and not at each stage of the acquisition. When control lapses, the remaining ownership interests shall be measured at fair value, and the gain or loss recognised. The revised standard has been applied to the successive acquisition up to 100% of Lerøy Delico AS (from a 75% holding) and to the acquisition up to 50.71% of Sjøtroll Havbruk AS (from a 0% holding).
The transaction costs of NOK 200 are charged to the accounts. Previously, these would have been added to the acquisition cost.

IAS 27 and IFRS 3 are mainly based on a unit interpretation when measuring assets and liabilities in connection with acquisitions which provide control. The one exception is goodwill where companies can choose to recognise only the controlling interest's share or 100%. Formerly, only the latter alternative was permitted. In connection with the acquisition of Sjøtroll Havbruk AS, the Group has chosen to report all assets (including goodwill) at 100% of fair value identified on the date of acquisition. The share of fair value (including goodwill) which is allocated to non-controlling interests totals NOK 524 958. See note 21 for further information on mergers and acquisitions for the year.

In the subgroup Lerøy Hydrotech AS, the remaining 49% of the shares in Kvernvik Laks AS were acquired in 2010. The cost price was NOK 7 800 and this figure has been charged as a reduction in equity, where NOK 4 485 is for controlling interests and NOK 3 315 for non-controlling interests.

Lerøy Seafood Group ASA has also acquired the remaining 25% of the shares i Delico AS (group) in 2010. The cost price was NOK 9 750 and this figure has been charged as a reduction in equity, where NOK 9 110 is for controlling interests and NOK 640 for non-controlling interests. See note 4 for an overview of shares and holdings in subsidiaries.

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 fair value less estimated sales costs.

Biological assets (fish in sea) are assessed at fair value based on the market prices of gutted salmon and trout on the balance sheet day. 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 valuation of fish in the sea with an average weight of under 4 kg is based on the same principles. However, the price is adjusted in relation to the phase of the growth cycle for the fish. The price will not be adjusted to lower than the cost price, 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 from several reasons including volatility in pricing of Atlantic salmon and factors relating to production, unpredictability in biological production but also changes in the composition of inventories (size distribution).

A sensitivity analysis for the price of Atlantic salmon and trout at 31.12.2010, shows the following impact on the Group's operating result (NOK 1 000):

Price change -1 NOK/kg	-55 505
Price change -2 NOK/kg	-110 011
Price change -5 NOK/kg	-271 393
Price change +1 NOK/kg	55 607
Price change +2 NOK/kg	111 407

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

2009	Goodwill	Licences/ rights	Total
As of 1 January 2009			
Acquisition cost	1 668 302	1 295 593	2 963 895
Accumulated write-downs		-3 968	-3 968
Balance sheet value as of 01.01.09	**1 668 302**	**1 291 625**	**2 959 927**
Financial year 2009			
Balance sheet value as of 01.01.09	1 668 302	1 291 625	2 959 927
Conversion difference	-187	-1 247	-1 434
Acquisition of subsidiaries	2 545		2 545
Acquisition of intangible assets		1 232	1 232
Disposal of tier subsidiaries	-1 026		-1 026
Depreciation/write-downs for the year		-1 633	-1 633
Balance sheet value as of 31.12.09	**1 669 634**	**1 289 977**	**2 959 611**
As of 31 December 2009			
Acquisition cost	1 669 634	1 295 578	2 965 212
Accumulated depreciation/write-downs		-5 601	-5 601
Balance sheet value as of 31.12.09	**1 669 634**	**1 289 977**	**2 959 611**
Assets with unlimited useful life	1 669 634	1 234 878	2 904 512
Assets with limited useful life (water rights)		55 099	55 099
Balance sheet value as of 31.12.09	**1 669 634**	**1 289 977**	**2 959 611**

2010	Goodwill	Licences/ rights	Total
Financial year 2010			
Balance sheet value as of 01.01.10	1 669 634	1 289 977	2 959 611
Conversion difference	-67	1 486	1 419
Acquisition of subsidiaries	205 954	673 513	879 467
Acquisition of intangible assets		9 358	9 358
Depreciation/write-downs for the year		-2 095	-2 095
Balance sheet value as of 31.12.10	**1 875 521**	**1 972 239**	**3 847 760**
As of 31 December 2010			
Acquisition cost	1 875 521	1 979 935	3 855 456
Accumulated depreciation/write-downs		-7 696	-7 696
Balance sheet value as of 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/market stalls)		56 523	56 523
Balance sheet value as of 31.12.10	**1 875 521**	**1 972 239**	**3 847 760**

(Continued on next page)

Notes Lerøy Seafood Group consolidated 2010

Goodwill is associated with the last part of the acquisition of the subsidiary Hallvard Lerøy AS in 1997, the acquisition of Timar Seafood AS in 2000, phase 1 of the acquisition of Lerøy Sverige AB in 2001 and phase 2 in 2004, Sigerfjord Fisk AS (former Sigerfjord Aqua AS), phase 1 of the acquisition of Lerøy Smøgen Seafood AB in 2002 and phase 2 in 2003, the acquisition of Lerøy Midnor AS in 2003, the acquisition of Portnor Lda (60%) in 2004, the acquisition of Lerøy Aurora AS, Lerøy Alfheim AS, Bulandet Fiskeindustri AS (53.2%) and the 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 tier 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 tier subsidiary, Ritz AS. Accrual of goodwill in 2010 pertains to acquisition of Sjøtroll Havbruk AS (50.71%).

Licence values are associated with the acquisition of Lerøy Midnor AS 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 acquisition of Lerøy Vest AS (group) and Ramsøy Fiskeoppdrett AS (one licence) in 2007. In 2008 the number of licences increased by three, of which two licences are in Central Norway (Lerøy Midnor AS purchased three licences and re-sold one), and one licence is in Northern Norway (purchased by Berg Havbruk AS, merged into the Lerøy Aurora group). Accrual of licences/rights in 2009 pertain to investments in Chile (Inversiones Seafood Ltda). Accrual of licences in 2010 pertains to the acquisition of Sjøtroll Havbruk AS which includes 25 licences. In addition, the investment in permits in Chile (Inversiones Seafood Ltda) has increased. The company has also reclassified a minor item pertaining to rights for market stalls at the fish market in Portugal (NOK 1,266) as intangible assets. Deferred taxes on licences charged against goodwill amount to a total of NOK 469 192.

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. Finally, the Group also holds a licence for production of char.

IMPAIRMENT TEST FOR GOODWILL

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

	2010	2009
Production	1 816 142	1 610 188
Sales & Distribution	59 379	59 446
Total goodwill	**1 875 521**	1 669 634

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 2011 and on estimated results for the years 2012 to 2015. After 2015, a terminal value is calculated based on an estimated result for 2015. 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 impairment test did not produce grounds for write-down of goodwill in 2010.

LICENCES/RIGHTS

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

	2010	2009
Production	1 970 973	1 289 977
Sales & Distribution	1 266	
Total licences and rights	**1 972 239**	1 289 977

Licences/rights are mainly 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 write-down of goodwill in 2010, and there is therefore no basis for write-down of licences.

The licences/rights related to the Sales & Distribution segment pertain to purchased market stalls in the fish market in Portugal. These rights expire in 2025.

NOTE 3 TANGIBLE FIXED ASSETS

(All figures in NOK 1 000)

2009	Real estate	Buildings	Machinery, inventory, equipment etc.	Total
As of 1 January 2009				
Acquisition cost	14 997	483 142	1 394 146	1 892 285
Accumulated depreciation/write-downs		-101 132	-496 335	-597 467
Balance sheet value as of 01.01.09	**14 997**	**382 010**	**897 811**	**1 294 818**
Financial year 2009				
Balance sheet value as of 01.01.09	14 997	382 010	897 811	1 294 818
Conversion differences	-193	-5 308	-5 524	-11 025
Reclassification	6 112	-1 117	-4 995	0
Addition purchased operating assets		12 735	139 225	151 960
Disposals of fixed assets		-1 007	-6 974	-7 981
Accumulated depreciation/write-downs		-26 546	-175 827	-202 373
Balance sheet value as of 31.12.09	**20 916**	**360 767**	**843 716**	**1 225 399**
As of 31 December 2009				
Acquisition cost	20 916	488 411	1 511 200	2 020 527
Accumulated depreciation/write-downs		-127 644	-667 484	-795 128
Balance sheet value as of 31.12.09	**20 916**	**360 767**	**843 716**	**1 225 399**

2010	Real estate	Buildings	Machinery, inventory, equipment etc.	Total
Financial year 2010				
Balance sheet value as of 01.01.2010	20 916	360 767	843 716	1 225 399
Conversion differences		-67	-155	-222
Addition purchased operating assets	2 876	46 007	236 225	285 108
Addition of operating assets in connection with mergers		69 107	237 266	306 373
Disposals of fixed assets	-650	-2 688	-9 471	-12 809
Accumulated depreciation/write-downs		-26 812	-190 703	-217 515
Balance sheet value as of 31.12.10	**23 142**	**446 314**	**1 116 878**	**1 586 334**
As of 31 December 2010				
Acquisition cost	23 142	595 200	1 940 980	2 559 322
Accumulated depreciation/write-downs		-148 886	-824 102	-972 988
Balance sheet value as of 31.12.10	**23 142**	**446 314**	**1 116 878**	**1 586 334**

Notes Lerøy Seafood Group consolidated 2010

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 right
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 Smøgen Holding AB	Smøgen, 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%
Sigerfjord Fisk AS	Sigerfjord	95.59%
Nordvik SA	Boulogne, France	90%
Lerøy Portugal Lda	Portugal	60%
Sandvikstomt 1 AS	Bergen	100%

In 2010, Lerøy Seafood Group ASA acquired a new subsidiary through the acquisition of 50.71% of the shares in Sjøtroll Havbruk AS for NOK 540 000. In addition Lerøy Seafood Group ASA has purchased the remaining 25% of the shares in Lerøy Delico AS from the non-controlling interests for NOK 9 750. In 2010, the subsidiary Sigerfjord Aqua AS has merged with its own two subsidiaries (Sigerfjord Fisk AS and Sjøroye AS) and changed the company name to Sigerfjord Fisk AS. In February 2011, the subsidiary Portnor Lda changed its name to Lerøy Portugal Lda.

Associated companies	Norskott Havbruk AS	Alfarm Alarko Leroy	Others	Total value
Calculation of balance sheet value at 31.12.10				
Opening balance 01.01.10	245 728	17 840	9 402	272 970
Share of annual result	117 738	2 795	1 473	122 006
Additions/capital increases for the year		2	1 083	1 085
Additions in connection with mergers			4 076	4 076
Dividends	-55 082			-55 082
Currency impact etc.	-5 247	-944		-6 191
Closing balance 31.12.10	**303 137**	**19 693**	**16 034**	**338 864**
Registered business premises	Bergen	Istanbul, Turkey		
Ownership/voting right	50%	50%		
Acquisition cost	163 273	11 546		
Assets	1 145 330	52 583		
Liabilities	539 054	13 192		
Equity	606 276	39 391		
Turnover	1 026 812	133 278		
Annual result	235 476	5 595		

Accounting figures for the 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 2010:

	100%	50%
Total fish in sea (LWT)	15 566	7 783
Value adjustment biological assets	99 793	49 897
Cost price biological assets	376 998	188 499
Balance sheet value biological assets 31.12.10	**476 791**	**238 396**

Value adjustment biological assets	100%	50%
Value adjustment as of 01.01.10	47 917	23 959
Impact of adjustment on annual result	51 876	25 938
Value adjustment as of 31.12.10	**99 793**	**49 897**

Shares available for sale	Location	Ownership/ voting right	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
Miscellaneous minor shareholdings			481	481
Total shares available for sale			**2 431**	**22 989**

In 2007, the book value of shares in AquaGen AS was adjusted up by NOK 20 558. The share value assessment is based on an actual share purchase in 2007 of 50.17% of the company for NOK 430 000. The share value is regarded as unchanged in 2010. The entire value adjustment was booked against consolidated equity.

NOTE 5 FINANCIAL INSTRUMENTS

(All figures in NOK 1 000)

FORWARD EXCHANGE CONTRACTS

The table below shows the company's forward exchange contracts per 31.12.2010. They are for purchase or sale against NOK.

Currency	Currency amount forward contract	Average exchange rate	Amount in NOK	Exchange rate 31.12.10	Estimated fair value currency futures 31.12.10 NOK
EURO	59 280	8.112	480 869	7.8142	17 644
USD	43 100	6.110	263 357	5.8487	11 278
JPY	2 186 000	0.072	156 360	0.0719	-805
SEK	150 600	0.856	128 962	0.8709	-2 195
GBP	8 725	9.532	83 167	9.0690	4 040
AUD	4 380	5.585	24 461	5.9584	-1 637
CHF	600	6.262	3 757	6.2383	14
Total					**28 338**

The positions at 31.12.10 have an estimated net positive market value of NOK 28 300. The forward exchange contracts are booked at fair values and are classified as other short-term receivables per 31.12.10.

The Group classifies forward exchange contracts as hedging of the fair value of a capitalised asset, liability or a non-recognised binding commitment (fair value hedging). 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, forward exchange 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 SWAP

One subsidiary has had an interest swap agreement (NOK 20 000) until April 2010. This agreement has been booked at fair value and losses or gains have been booked in the profit & loss account as they accrue.

(Continued on next page)

Notes Lerøy Seafood Group consolidated 2010

FINANCIAL FISH POOL CONTRACTS

The subsidiaries Hallvard Lerøy AS and Sjøtroll Havbruk AS entered into financial sales contracts (derivatives) for fish in Fish Pool in 2010. The derivatives are valued at fair value over result. The contracts are due for settlement in 2011. The fair value of the contracts (unrealised loss) is estimated as NOK -1 million based on the market price on accounting day.

FINANCIAL INSTRUMENTS BY CATEGORY

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

As of 31.12.09 - Assets	Loans and receivables	Assets at fair value over result	Derivatives utilised for hedging purposes	Available for sale	Total
Shares available for sale				23 115	23 115
Accounts receivable and other receivables (excl. advance payments and reimbursable public duties)	901 895		16 720		918 615
Cash and cash equivalents	707 989				707 989
Total	**1 609 884**	**0**	**16 720**	**23 115**	**1 649 719**

As of 31.12.09 - Liabilities	Liabilities at fair value over result	Derivatives utilised for hedging purposes	Financial commitments at amortised cost.	Total
Loans (excl. financial leasing)			2 042 823	2 042 823
Financial leasing			106 989	106 989
Accounts payable and other liabilities, excl. statutory fees	27 869		829 181	857 050
Total	**27 869**	**0**	**2 978 993**	**3 006 862**

As of 31.12.10 - Assets	Loans and receivables	Assets at fair value over result	Derivatives utilised for hedging purposes	Available for sale	Total
Shares available for sale				22 989	22 989
Accounts receivable and other receivables (excl. advance payments and reimbursable public duties)	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**

As of 31.12.10 - Liabilities	Liabilities at fair value over result	Derivatives utilised for hedging purposes	Financial commitments at amortised cost.	Total
Loans (excl. financial leasing)			2 449 916	2 449 916
Financial leasing			215 814	215 814
Accounts payable and other liabilities, excl. statutory fees	638 213			638 213
Financial sales contracts fish	974			974
Total	**639 187**	**0**	**2 665 730**	**3 304 917**

NOTE 6 LIABILITIES, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2010	2009
Long-term interest-bearing liabilities		
Debt to credit institutions etc.	2 357 886	1 656 502
Leasing liabilities (see note 18)	215 815	106 989
Next year's instalments on long-term liabilities	-352 000	-258 784
Total long-term interest-bearing liabilities as of 31.12	**2 221 701**	1 504 707
Short-term interest-bearing liabilities		
Debt to credit institutions (multi-currency credit)	82 121	387 321
Next year's instalments on long-term liabilities	352 000	258 784
Total short-term interest-bearing liabilities as of 31.12	**434 121**	646 105
Total interest-bearing liabilities as of 31.12	**2 655 822**	2 150 812
Bank deposits	1 357 096	707 989
Net interest-bearing liabilities as of 31.12	**1 298 726**	1 442 823
Liabilities secured by mortgage		
Long-term debt to credit institutions etc.	2 357 886	1 656 502
Short-term debt to credit institutions (multi-currency credit)	82 121	387 321
Leasing liability	215 815	106 989
Total liabilities secured by mortgage as of 31.12	**2 655 822**	2 150 812
Mortgaged assets		
Accounts receivable and other receivables	598 157	350 001
Biological assets/other goods	2 838 668	1 991 961
Buildings and other fixed assets	1 591 204	1 073 126
Licences	1 561 285	887 772
Total	**6 589 314**	4 302 860
Long-term liabilities which fall due later than 5 years		
Debt to credit institutions etc. and leasing liability	509 572	565 892
Total	**509 572**	565 892

Interest-bearing liabilities specified by currency	2010	2009
NOK	2 626 390	2 134 983
SEK	19 828	15 298
EUR	9 604	531
Total	**2 655 822**	2 150 812

(Continued on next page)

Downpayment profile for long-term interest-bearing liabilities	2011	2012	2013	2014	2015	After 2015	Total
Debt to credit institutions etc.	312 843	306 196	304 273	302 790	667 354	464 430	2 357 886
Leasing liability	39 157	35 861	36 303	32 183	27 169	45 142	215 815
Total	**352 000**	**342 057**	**340 576**	**334 973**	**694 523**	**509 572**	**2 573 701**

Instalments in 2010 are classified as short-term debt in the balance sheet (short-term credits).

Downpayment profile loan
The table above shows the Group's long-term interest-bearing debt, including financial leasing. The loans run at NIBOR plus margin. Lerøy Aurora AS has in its loan portfolio a three-year revolving overdraft facility of NOK 60 000 that matures in its entirety in 2011. Such overdraft facilities are usually renewed. Lerøy Hydrotech AS established a loan of NOK 400 000 in 2006 that runs without instalments until 31.12.2009. Thereafter the loan is to be repaid with annual instalments of NOK 33 334 for 6 years. The last instalment (balloon payment) corresponds to the unpaid balance at that time.

In 2010, Lerøy Seafood Group ASA established a 5-year extendable bond of NOK 300 000 with Exportfinans (annual option to extend the bond by 1 year at a time).

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 2010.

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

An increase (reduction) in the interest level of 1% would have caused an increase (reduction) in interest costs of NOK 12 987 for 2010.
Net interest-bearing debt per 31.12.2010 has been used as the base for this calculation.

NOTE 7 BIOLOGICAL ASSETS

(All figures in NOK 1 000)

	2010	2009
Biological assets 01.01	**1 858 562**	1 676 164
Increase due to added costs during the year	2 593 509	2 151 482
Reduction due to sale / harvesting	-2 490 461	-2 029 567
Increase in connection with mergers	445 611	
Change in value adjustment in biological assets (earnings impact)	299 512	60 483
Biological assets 31.12	**2 706 733**	1 858 562

Value estimates of fish in sea are based on the market prices of gutted salmon and trout on the balance sheet day. 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 valuation of fish in the sea with an average weight of under 4 kg is based on the same principles. However, the price is adjusted in relation to the phase of the growth cycle for the fish. The price will not be adjusted to lower than the cost price, 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). At year-end 2010, a large volume of the fish is just below 4 kg. 10 578 LWT of the volume below 4 kg has an average weight between 3.88 kg and 4.00 kg.

	2010	2009
Total fish in sea (LWT)	93 967	79 558
Harvestable fish (> 4kg LWT)	24 621	30 506
Value adjustment harvestable fish (> 4kg)	194 814	200 045
Value adjustment immature fish (< 4kg)	474 382	96 390
Total value adjustment of biological assets	669 196	296 435
Cost price biological assets	2 037 537	1 562 127
Balance sheet value biological assets	**2 706 733**	1 858 562

The change in inventory of biological assets is based on internal costs. In connection with business combination, the cost price of biological assets increased by NOK 372 362. The change in cost price due to internal costs added, and decrease due to harvesting, amounts to NOK 103 048 in 2010 (NOK 2 037 537 - NOK 372 362 - NOK 1 562 127). In the P&L this increase is carried as a change in inventory.

Value adjustment biological assets	2010	2009
Value adjustment as of 01.01	296 435	235 952
Impact of business combinations	73 249	
Impact of value adjustment on annual result	299 512	60 483
Value adjustment as of 31.12	**669 196**	296 435

NOTE 8 OTHER INVENTORIES

(All figures in NOK 1 000)

	2010	2009
Raw materials	127 202	90 666
Semi-finished goods		772
Finished goods	163 177	144 873
Total other inventories	**290 379**	236 311
Write-down of inventories (old stock)	2 992	1 764

Raw materials include feed, while packaging materials are included in finished goods.

NOTE 9 RECEIVABLES

(All figures in NOK 1 000)

Accounts receivable	2010	2009
Nominal value	1 032 846	894 390
Provision for bad debts	-18 914	-18 263
Total accounts receivable	**1 013 932**	876 127

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

By end of February 2011, 95% of accounts receivable are paid in.

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Notes Lerøy Seafood Group consolidated 2010

Accounts receivable 31.12.09	Overdue, no provision	Overdue, provision
0 to 3 months	172 609	11 647
3 to 6 months	6 154	3 842
Over 6 months	75	2 774
Total	**178 838**	**18 263**

Accounts receivable 31.12.10	Overdue, no provision	Overdue, provision
0 to 3 months	148 595	12 776
3 to 6 months	1 666	1 195
Over 6 months	2 635	3 075
Total	**152 896**	**17 046**

Other receivables	2010	2009
VAT to be refunded	85 072	84 191
Advance payments	42 597	15 983
Currency futures and impacts of fair value hedging	28 338	16 720
Miscellaneous	20 275	13 840
Total other receivables	**176 282**	130 734

NOTE 10 OTHER SHORT-TERM LIABILITIES

(All figures in NOK 1 000)

Other short-term liabilities	2010	2009
Accrued wages and holiday pay	117 416	83 763
Accrued costs	145 809	87 452
Impacts of fair value hedging	28 338	27 869
Unrealised loss on derivatives	974	
Accrual of goods purchased		18 904
Accrued customer discounts	29 068	22 240
Other short-term liabilities	2 371	
Total other short-term liabilities	**323 976**	240 228

With effect from 2010, accruals for goods purchased are classified as accounts payable.

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	**2010**	2009
Premium recognised for defined contribution scheme (including aga)	24 058	18 043
Net pension cost, defined contribution scheme	**24 058**	18 043

Defined benefit scheme	**2010**	2009
Present value of future pension liabilities	12 720	19 562
Provision for undercoverage from old AFP scheme	1 743	
Fair value of pension funds	-5 483	-5 471
Effect of estimate deviations not charged against income	45	899
Net pension liabilities	**9 025**	14 990
Net pension costs are determined as follows:		
Present value of the year's earned pensions	1 245	2 283
Interest costs on pension liabilities	469	796
Yield on pension assets	-326	-315
Result of change in scheme (closing of old AFP scheme)	-7 230	
Profit impact of estimate deviations	-392	18
Employer's national insurance contribution	190	253
Administration costs, etc.	74	102
Provision for undercoverage from old AFP scheme	1 743	
Net pension cost, defined benefit scheme	**-4 227**	3 137
Change in capitalised liabilities		
Balance sheet value as of 01.01	14 990	13 211
Costs booked during the year (incl. transition to new scheme)	-4 227	2 892
Pension payments and payments of pension premiums	-1 738	-1 113
Balance sheet value at 31.12. defined benefit scheme	**9 025**	14 990
Economic assumptions		
Average discounting rate	3.2%	4.4%
Anticipated yield on pension assets	5.6%	5.6%
Regulation of National Insurance base rate (G)	3.8%	4.3%
Average wage increase (incl. career supplement)	4 - 5%	4 - 5%
Attrition	0 - 20%	0 - 20%
Utilisation percentage, Contractual Early Retirement Scheme	0%	0 - 50%

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

Notes Lerøy Seafood Group consolidated 2010

NOTE 12 TAX

(All figures in NOK 1 000)

	2010	2009
Tax payable	397 087	93 551
Change in deferred tax	113 864	163 586
Total tax cost	**510 952**	257 137

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:

	2010	2009
Pre-tax result	1 940 521	987 278
Tax based on tax rates in the various countries	543 456	276 438
Net permanent differences, etc. (28%)	1 657	-1 733
Share of profit in associated company (28%)	-34 162	-17 568
Tax cost	**510 952**	257 137
Effective tax rate	26.3%	26.0%

Change in book value of deferred tax	2010	2009
Balance sheet value as of 01.01	830 417	669 327
Currency conversion and other charges against equity	-103	-2 496
Acquisitions, etc.	312 153	
Recognised in the period	113 864	163 586
Balance sheet value at 31.12	**1 256 331**	830 417
Capitalised deferred tax asset *)	-3 697	-4 461
Capitalised deferred tax	1 260 028	834 877

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

Deferred tax assets	Operating assets	Licences and rights	Goods/biol. assets	Other differences	Total
01.01.2009	19 132	304 624	467 529	-7 113	784 172
Recognised in the period	10 398	-2 432	53 132	8 375	69 473
Currency conversion and other charges against equity	-2 496				-2 496
31.12.09	**27 034**	**302 192**	**520 661**	**1 262**	**851 148**
Recognised in the period	33 440	-45 620	107 383	7 586	102 789
Currency conversion and other charges against equity	-103				-103
Acquisitions, etc.	8 516	177 664	131 053	-5 079	312 154
31.12.10	**68 887**	**434 236**	**759 097**	**3 769**	**1 265 988**

Deferred tax liabilities	Receivables	Pensions	Loss carried forward *	Total
01.01.2009	-9 449	-3 732	-101 665	-114 846
Recognised in the period	859	2 077	91 178	94 114
Currency conversion and other charges against equity				0
Acquisitions, etc.				0
31.12.09	**-8 590**	**-1 655**	**-10 487**	**-20 732**
Recognised in the period	8 590	-196	2 681	11 075
Currency conversion and other charges against equity				0
Acquisitions, etc.				0
31.12.10	**0**	**-1 851**	**-7 806**	**-9 657**

* Loss carried forward is mostly a result of tax-related accounting of fish in sea.

	31.12.10	31.12.09
Short-term tax positions	762 866	512 071
Long-term tax positions	493 465	318 345
Total	**1 256 331**	830 416

NOTE 13 OPERATING REVENUES/SEGMENT INFORMATION

(All figures in NOK 1 000)

Operating revenues	2010	2009
Sale of goods and services	8 872 699	7 454 285
Compensation	5 076	12 503
Lease income	2 485	2 385
Loss/gain on sale of fixed assets	2 757	220
Other operating revenues	4 657	4 414
Total operating revenues	**8 887 671**	7 473 807

Business segments

The Group's activities are classified into the two segments Sales & Distribution (S&D) and Production (Prod.). 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 Holding AB (group). Sales & Distribution consists of all other subsidiaries apart from Lerøy Seafood Group ASA (parent company). Lerøy Seafood Group ASA is not allocated to any of the segments but is included in elimination/unallocated.

2009	S&D	Prod.	Elimination/ unallocated	Group
External operating revenues	7 162 967	310 654	186	7 473 807
Internal operating revenues	198 380	3 418 492	-3 616 872	0
Total operating revenues	7 361 347	3 729 146	-3 616 686	7 473 807
Operating costs	7 144 750	2 973 659	-3 594 758	6 523 651
Operating profit before value adjustment of biological assets	**216 597**	**755 487**	**-21 928**	**950 156**
Value adjustment biological assets		60 483		60 483
Operating result	**216 597**	**815 970**	**-21 928**	**1 010 639**
Result from associated companies	4 008	58 736		62 744
Net financial items	-409	-96 600	10 904	-86 105
Pre-tax result	**220 196**	**778 106**	**-11 024**	**987 278**
Tax cost				-257 137
Annual result				730 142
Assets (excluding associated companies)	1 454 919	6 871 991	-292 673	8 034 237
Associated companies	17 840	255 130		272 970
Total assets	**1 472 759**	**7 127 121**	**-292 673**	**8 307 207**
Total liabilities	1 171 654	3 003 207	-167 910	4 006 951
Investments	12 152	137 382	2 426	151 960
Depreciation	10 904	191 927	1 176	204 007

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Notes Lerøy Seafood Group consolidated 2010

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 biological assets		298 538		298 538
Operating result	**255 313**	**1 683 655**	**-54 181**	**1 884 787**
Result from associated companies	2 795	119 011	200	122 006
Net financial items	-47	-58 021	-8 204	-66 272
Pre-tax result	**258 061**	**1 744 645**	**-62 185**	**1 940 521**
Tax cost				-510 952
Annual 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
Investments	16 244	264 266		280 510
Depreciation	11 457	205 759	2 408	219 624

Product area	2010	%	2009	%
Whole salmon	4 430 165	49.8	3 608 994	48.3
Processed salmon	2 478 545	27.9	1 985 338	26.6
Whitefish	706 429	7.9	666 743	8.9
Trout	457 869	5.2	470 102	6.3
Shellfish	407 065	4.6	324 675	4.3
Pelagic	84 265	0.9	157 492	2.1
Other	323 334	3.6	260 463	3.5
Total operating revenues	**8 887 671**	**100.0**	7 473 807	100.0

Information on geographical areas

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

Operating revenues	2010	%	2009	%
EU	4 865 127	54.7	4 172 906	55.8
Norway	1 365 119	15.4	1 257 289	16.8
Asia	987 187	11.1	856 315	11.5
Rest of Europe	684 555	7.7	495 966	6.6
USA & Canada	769 511	8.7	558 511	7.5
Others	216 171	2.4	132 820	1.8
Total operating revenues	**8 887 671**	**100.0**	7 473 807	100.0

Assets	2010	%	2009	%
Norway	10 844 504	95.5	7 901 267	95.1
EU	479 266	4.2	388 992	4.7
Other countries	28 425	0.3	16 948	0.2
Total assets	**11 352 195**	**100.0**	8 307 207	100.0

Investment costs	2010	%	2009	%
Norway	252 112	90.0	144 824	95.3
EU	23 768	8.3	7 078	4.7
Other countries	4 630	1.6	58	0.0
Total investment costs	**280 510**	**100.0**	151 960	100.0

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

(All figures in NOK 1 000)

Payroll expenses	2010	2009
Salary	639 673	577 804
Employer's national insurance contribution	80 619	66 257
Pension costs [1]	19 830	21 180
Option costs	3 556	2 243
Other remuneration	34 167	22 993
Total	**777 845**	690 477

[1] Total defined benefit scheme (see note 11) and defined contribution scheme. The cost of the defined contribution scheme amounts to NOK 24 058.

At year-end the Group had 1 794 employees with 542 women and 1 252 men compared with a total of 1 563 in 2009. The average number of man-years for the Group in 2010 was 1 648.

	CEO [1]			CFO		EVP Farming		EVP Marketing [4]	
Remuneration to senior executives	**2010 [2]**	**2010 [3]**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Salary	1 571	1 580	2 752	1 543	1 504	1 134	2 453	767	1 511
Severance pay		1 040							
Bonus including extraordinary bonus		1 200	2 200	500				1 300	1 200
Options exercised during the year [5]	275			275		275			
Other remuneration	39	18	40	24	24	52	26	8	63

[1] A new CEO joined the company in both 2009 and 2010.
[2] New CEO from 21 April 2010.
[3] Former CEO up to and including 20 April 2010.
[4] EVP Marketing took on position of CEO on 21 April 2010 There has been no replacement for the position of EVP Marketing.
[5] Reflects items which are reported as salary This will differ from the figures reported in the accounts as option costs. Option costs follow the option pricing model (see below).

The former CEO retired from his position and left the Group on 20 April 2010, after taking on the position of CEO on 19 November 2008. The former Executive Vice President Marketing (and Deputy CEO) took over the position as new CEO on 21 April 2010.

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 to other board members totalled NOK 810 in 2010, compared with NOK 750 in 2009. Remuneration to the nomination committee in 2010 was NOK 75, at a similar level to that in 2009.

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.

(Continued on next page)

Notes Lerøy Seafood Group consolidated 2010

Authorities granted to the Board of Directors
Authorities 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 shareholders' meeting on 12 May 2000. This authority has subsequently been renewed, most recently at the ordinary shareholders' meeting on 26 May 2010, and is to remain valid for 18 months from the date on which the resolution was adopted. The authority was not exercised in 2010. An extension of the authority will be recommended to the shareholders' meeting on 25 May 2011. In 2010, the company did not acquire any own shares. Neither did it sell own shares. As of 31 December 2010, the company owned 229 776 of its own shares

The Board is authorised to increase the share capital by up to NOK 1 200 000 by issuing up to 1 200 000 shares, each with a face value of NOK 1 through one or more private placings with employees of Lerøy Seafood Group ASA and its subsidiaries. The Board's authority must be seen in light of the company's established option programme, see below. This type of authority was first established by the extraordinary shareholders' meeting on 10 December 1997 and has subsequently been renewed, most recently by the ordinary shareholders' meeting on 26 May 2010. The authority is valid for two years from the time the resolution was adopted. An extension of the authority will be recommended to the shareholders' meeting on 25 May 2011. The authority has not been exercised.

The Board has authority to increase the share capital by up to NOK 5 000 000 by issuing up to 5 000 000 shares in Lerøy Seafood Group ASA , each with a face value of NOK 1, through one or more private placings with the company's shareholders and/or external investors. This type of authority was first established by the ordinary shareholders' meeting of 4 May 1999 and subsequently renewed by the ordinary shareholders' meeting on 26 May 2010. The Board did exercise this authority in 2010 in connection with the acquisition of 50.71% of Sjøtroll Havbruk AS where 1 000 000 new shares were issued. It will be recommended that an equivalent authority be approved by the ordinary shareholders' meeting on 25 May 2011.

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 shareholders' meeting.

Options
Since the spring of 1999, the Board has used options as an important instrument in the Group's development.
The Board adopted an option program totalling 700 000 options with a redemption price of NOK 125 per option on 20 June 2006, with final allocation on 29 February 2008. The program has a duration of three years. One third of the options can be exercised in the month of May in 2009, 2010 and 2011 respectively. No options were exercised in 2009. In 2010, options were exercised and honoured with cash payment (the difference between premium and market price).

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)	Estab-lished	Options 31.12.2010	Options lapsed/ expired 2010	Options excersised in 2010	Options 31.12.2009
125.0	2008	159 332	66 003	165 332	390 667
		159 332	**66 003**	**165 332**	**390 667**

According to IFRS, options must be booked at fair value. The fair value of the 700 000 options allocated in 2008 are 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, the exercise price of NOK 125, 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 is estimated at NOK 8 821 (including employer's contribution), which corresponds to an average of NOK 12.60 per option. The amount is booked as wage cost for the duration of the option programme. The cost is regulated to account for any lapsed or expired options. In the balance sheet the cost is booked directly against equity (positive effect). Booked option costs amounted to NOK 3 556 in 2010 compared with NOK 2 243 in 2009.

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

Auditor

Invoiced fees from Group auditor PricewaterhouseCoopers AS, the law firm PwC AS and other auditors:

	2010	2009
Auditing fees Group auditor	2 939	2 966
Auditing fees other auditors	902	600
Tax advice Group auditor	257	110
Tax advice other auditors	33	5
Other certification services Group auditor	84	71
Other services Group auditor	471	768
Other services other auditors	27	183
Total	**4 713**	4 703

NOTE 15 ITEMS COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	**2010**	2009
Other interest income	16 704	13 182
Other financial revenues	3 773	1 761
Total financial revenues	**20 477**	14 943

Financial costs	**2010**	2009
Other interest cost	81 832	95 455
Other financial cost	4 917	5 593
Total financial costs	**86 749**	101 048
Net financial items	**-66 272**	-86 105

NOTE 16 EARNINGS PER SHARE

(All figures in NOK 1 000)

	2010	2009
This year's earnings (majority share)	1 419 507	729 488
Number of shares on balance sheet date (thousands)	54 577	53 577
Average number of shares (thousands)	54 077	53 577
Adjustment for effects of share options		
Average number of shares with dilution (thousands)	54 086	53 577
Earnings per share	**26.25**	13.62
Diluted earnings per share	26.25	13.62

When estimating the diluted result per share, an average number of shares is utilised, regulated for the impact of option programs. For share options, an estimation is carried out to identify the number of shares which could be subscribed at market price (estimated at average share price for the company's shares throughout the year) based on the monetary value of the subscription right for the outstanding share options. The number of shares calculated as explained above is compared with the number of shares which would have been issued if all the share options were to be exercised. The difference is added to the denominator in the fraction as issued shares without payment.

NOTE 17 DIVIDEND PER SHARE

(All figures in NOK 1 000)

Distributed dividend for the year 2009 was NOK 375 042 (NOK 7.00 per share). Recommended dividend distribution for the accounting year 2010 is NOK 545 774 (NOK 10.00 per share). A final decision will be made by the ordinary shareholders' meeting on 25 May 2011.

Notes Lerøy Seafood Group consolidated 2010

NOTE 18 LEASING

(All figures in NOK 1 000)

Leased assets booked in the consolidated accounts as financial leasing:	2010	2009
Book value of leased assets (machines/furnishings)	171 394	123 210
Book value of leasing liabilities (present value)	215 815	106 989
Minimum rent, financial leasing:		
0-1 years	48 001	28 055
1-5 years	154 407	81 549
5 - years -	49 354	18 217
Total	**251 762**	127 821
Interest costs, financial leasing:		
0-1 years	8 843	5 368
1-5 years	22 891	14 531
5 - years -	4 212	933
Total	**35 946**	20 832
Present value of future minimum rent:		
0-1 years	39 158	22 687
1-5 years	131 516	67 018
5 - years -	45 140	17 284
Total	**215 815**	106 989

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 129 501 in 2010, while purchases amounted to NOK 223 167. Receivables on companies in the Austevoll Group per 31 December 2010 amounted to NOK 14 426, while liabilities were NOK 28 662.

Transactions between Group companies and corresponding transactions 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) for 2010 are as follows (all figures in NOK 1 000):

2009	Ownership	Sales	Purchases	Receivables	Liabilities
Norskott Havbruk AS	Lerøy Seafood Group ASA (50%)				
Scottish Sea Farms Limited	Norskott Havbruk AS (100%)		288 285		39 433
Total		**0**	**288 285**	**0**	**39 433**

2010	Ownership	Sales	Purchases	Receivables	Liabilities
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 Alarko 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
Total		**131 008**	**414 061**	**23 752**	**56 012**

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 1 142 shareholders at 31.12.10. All shares confer the same rights in the company.

	2010		2009	
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	63.73%
PARETO AKSJE NORGE	3 132 914	5.74%	2 922 200	5.45%
PARETO AKTIV	1 427 714	2.62%	1 492 300	2.79%
AWILCO INVEST AS	1 311 848	2.40%	810 000	1.51%
BIOMAR AS	1 000 000	1.83%		0.00%
VARMA MUTUAL PENSION INSURANCE	670 130	1.23%	456 400	0.85%
FOLKETRYGDFONDET	643 400	1.18%	703 400	1.31%
PARETO VERDI	640 090	1.17%	396 500	0.74%
ODIN NORGE	626 193	1.15%	819 600	1.53%
STATE STREET BANK AND TRUST CO.	345 609	0.63%	286 678	0.54%
STATOIL PENSJON	303 130	0.56%	225 381	0.42%
FORSVARETS PERSONELLSERVICE	256 000	0.47%	247 300	0.46%
LERØY SEAFOOD GROUP ASA	229 776	0.42%	229 776	0.43%
BANK OF NEW YORK MELLON	226 669	0.42%		0.00%
CITIBANK N.A. NEW YORK BRANCH	211 487	0.39%	467 600	0.87%
VELU AS	207 300	0.38%	207 300	0.39%
CACEIS BANK LUXEMBOURG	175 880	0.32%		0.00%
STOREBRAND VERDI	153 695	0.28%	210 800	0.39%
ALFRED BERG GAMBAK	150 550	0.28%	191 550	0.36%
VITAL FORSIKRING ASA	145 870	0.27%		0.00%
KVERVA AS			627 526	1.17%
PROFOND AS			265 800	0.50%
DNB NOR NORGE SELEKTIV (III)			201 058	0.38%
RBC DEXIA INVESTOR SERVICES BANK			184 492	0.34%
Total 20 largest shareholders	**46 002 536**	**84.29%**	45 089 942	84.16%
Others	8 574 832	15.71%	8 487 426	15.84%
Total	**54 577 368**	**100.00%**	53 577 368	100.00%

Chairman of the board Helge Singelstad owns shares in Austevoll Seafood ASA and therefore he indirectly owns shares in Lerøy Seafood Group ASA. Board members Arne Møgster and Britt Kathrine Drivenes also have 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 2009. Board member (employees' representative) Hans Petter Vestre owns 120 shares at 31.12.2010, the same number as in 2009.

NOTE 21 MERGERS AND ACQUISITIONS

(All figures in NOK 1 000)

On 28 September 2010, Lerøy Seafood Group ASA signed an agreement with Biomar AS regarding the acquisition of Biomar's shareholding in Sjøtroll Havbruk AS, corresponding to 50.71%. The transaction took place on 10 November 2010. The share capital in Sjøtroll Havbruk comprises both class A and B shares, where the B shares have voting right limitations. The shares acquired from Biomar have a combined voting right of 50.912%.

Sjøtroll Havbruk AS is involved in the production of fry/smolt, fish for consumption and slaughtering and processing of fish. The company has 25 licences for farming of salmon and trout for its production of fish for consumption. In addition, Sjøtroll Havbruk AS has a 27.5% shareholding in SalmoBreed AS, a breeding company for salmon and trout. Sjøtroll Havbruk AS has prepared a prognosis for 2011 totalling 26,000 tons slaughtered weight of salmon and trout. The company has approximately 250 employees. Sjøtroll Havbruk AS has two subsidiaries involved in slaughtering and processing of fish: Rexstar Seafood AS and Brandasund Fiskeforedling AS.

Subsequent to this acquisition, the seafood corporation Lerøy Seafood Group ASA has a total of 130 licences in Norway for production of salmon and trout in addition to a significant volume of production in Scotland. Moreover, the Group has its own facilities for production of roe and satisfactory coverage of the Group requirement for quality smolt. As a result of this acquisition and with the Group centralised functions for farming, processing, sale and distribution, the Group can benefit from considerable synergy effects.

Goodwill has been estimated for both the controlling and non-controlling ownership interests. The total goodwill generated by the merger amounts to NOK 205 954, with NOK 104 431 for controlling interests and NOK 101 522 for non-controlling interests. Goodwill is mainly related to deferred tax on licences. The estimated goodwill does not provide for tax deductions, and deferred tax is not recognised for goodwill.

The expense item of NOK 200 regarding the issue of consideration shares in Lerøy Seafood Group ASA is recognised as a reduction of equity. Other acquisitions expenses are charged to the result.

A cash flow model has been utilised for the valuation of the licences. The required pre-tax rate of return (WACC) is 12.5%. There is no control premium calculated for the controlling interests. The non-controlling interests' share of the identifiable added value is therefore calculated in relation to shareholding.

Sjøtroll Havbruk AS was consolidated with Lerøy Seafood Group ASA with effect from November 2010. The result figures for the period from January 2010 to October 2010, which have not been consolidated, are based on NGAAP (presented in table below). The figures from Sjøtroll Havbruk AS have been converted in relation to IFRS prior to consolidation.

If consolidation had taken place on 1 January 2010, the Group's turnover figure would have been NOK 959 000 with an operating result of NOK 2 043 000.

Turnover and result for Sjøtroll Havbruk AS in 2010	Jan - Oct 2010	Nov - Dec 2010	2010
Sales revenue	706 683	117 375	824 058
EBIT before IFRS adjustment of biomass	159 827	26 716	186 543
IFRS adjustment of biomass (pre-tax)		22 204	22 204
Operating profit	159 827	48 920	208 747
Result and comprehensive income	106 080	33 496	139 576

Fair value of total consideration transferred	
Cash	408 500
1 million shares in LSG ASA	131 500
Total consideration	**540 000**

Added value analysis	Reported IFRS value of Sjøtroll Havbruk AS	Identified added/negative value	Fair value at time of acquisition
Licences	334 100	339 413	673 513
Goodwill	82 928	-82 928	0
Fixed assets	306 374		306 374
Financial assets	9 575	-5 319	4 256
Inventory	470 436		470 436
Short-term receivables	82 554		82 554
Cash in bank	9 078		9 078
Total assets	**1 295 045**	**251 166**	**1 546 211**
Equity	720 274	138 730	859 004
Deferred tax	222 717	89 436	312 153
Other non-current liabilities	286 346		286 346
Current liabilities	65 708	23 000	88 708
Total equity and liabilities	**1 295 045**	**251 166**	**1 546 211**
Acquisition analysis	**100.00%**	**50.71%**	**49.29%**
Recognised equity in Sjøtroll Havbruk AS	720 274	365 224	355 050
Net identified added value in Sjøtroll Havbruk AS	138 730	70 345	68 385
Identified value in Sjøtroll Havbruk AS	**859 004**	**435 568**	**423 436**
Calculation of goodwill	**100.00%**	**50.71%**	**49.29%**
Consideration to seller:	1 064 958	540 000	524 958
Controlling and non-controlling interests' share of identified value:	859 004	435 568	423 436
Controlling and non-controlling interests' share of goodwill:	**205 954**	**104 432**	**101 523**

Summary book value, Group	Total book value	Share attributed to controlling interests	Share attribut. to non-controlling interests
Equity on acquisition date prior to IFRS adjustment	667 535	338 482	329 053
IFRS adjustment on acquisition date	52 739	26 742	25 998
Equity on acquisition date after IFRS adjustment	**720 274**	**365 224**	**355 050**
Added value identified	138 730	70 345	68 385
Estimated goodwill	205 954	104 431	101 522
Total book value in Group	**1 064 958**	**540 000**	**524 958**

Profit & loss account

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

LERØY SEAFOOD GROUP ASA	Notes	2010	2009
OPERATING REVENUES AND COSTS			
Operating revenues		**58**	186
Wages and other personnel costs	7	**23 470**	16 868
Other operating costs		**8 576**	6 270
Ordinary depreciation	2	**857**	840
Total operating costs		**32 903**	23 978
Operating result		**-32 845**	-23 792
SUBSIDIARIES, ASSOCIATED COMPANIES AND NET FINANCIAL ITEMS			
Income from investments in subsidiaries	5	**1 462 351**	646 685
Income from associated companies	5	**50 000**	6 454
Write-down of financial assets	3	**-24 384**	
Net financial items	8	**-8 204**	10 904
Pre-tax result		**1 446 918**	640 251
Total tax cost	6	**-388 394**	-168 687
ANNUAL RESULT		**1 058 524**	471 564
Information regarding:			
Allocated to other equity		**512 750**	96 522
Allocated to dividend		**545 774**	375 042

Balance sheet

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

LERØY SEAFOOD GROUP ASA	Notes	31.12.10	31.12.09
FIXED ASSETS			
Deferred tax asset	6	**738**	829
Total intangible assets		**738**	829
Buildings and land	2	**17 457**	18 315
Total fixed assets		**17 457**	18 315
Shares available for sale	3	**37**	37
Shares in subsidiaries	3	**3 329 712**	2 864 952
Investments in associated companies	3	**174 821**	174 819
Other long-term receivables		**7 338**	8 419
Long-term intragroup receivables	5	**34 406**	27 123
Total financial assets		**3 546 314**	3 075 350
TOTAL FIXED ASSETS		**3 564 509**	3 094 494
CURRENT ASSETS			
Accounts receivable			819
Receivables, intragroup and associated companies	5	**1 462 292**	631 270
Other receivables		**1 938**	
Liquid assets	4	**563 047**	244 120
TOTAL CURRENT ASSETS		**2 027 277**	876 209
TOTAL ASSETS		**5 591 786**	3 970 703

Balance sheet

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

LERØY SEAFOOD GROUP ASA	Notes	31.12.10	31.12.09
EQUITY			
Share capital	1	**54 577**	53 577
Own shares	1	**-12 355**	-12 355
Share premium reserve	1	**2 731 690**	2 601 390
Total paid-in capital		**2 773 912**	2 642 612
Other equity	1	**789 769**	276 837
Total retained earnings		**789 769**	276 837
TOTAL EQUITY		**3 563 681**	2 919 449
LONG-TERM LIABILITIES			
Mortgage debt	4	**1 068 731**	468 356
Total long-term liabilities		**1 068 731**	468 356
SHORT-TERM LIABILITIES			
Accounts payable		**2 011**	707
Intragroup liabilities and liabilities to associated companies	5	**22 769**	119 892
Tax payable	6	**380 626**	83 730
Public taxes due		**911**	1 283
Provision for dividend		**545 774**	375 042
Other short-term liabilities		**7 283**	2 244
Total short-term liabilities		**959 374**	582 898
TOTAL EQUITY AND LIABILITIES		**5 591 786**	3 970 703

Bergen, 30 March 2011
The Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Chairman of the Board

Fons Brusselmans

Arne Møgster

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employee representative

Henning Beltestad
CEO
Lerøy Seafood Group ASA

Statement of cash flow

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

LERØY SEAFOOD GROUP ASA	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		
Pre-tax result	**1 446 918**	640 251
Taxes paid during the period	**-85 032**	-51
Ordinary depreciation	**857**	840
Write-down of financial assets	**24 384**	
Change in accounts receivable	**819**	-535
Change in accounts payable	**1 304**	668
Change in other accruals	**-7 775**	-648
Income from investments in subsidiaries/associated companies	**-1 512 292**	-653 139
Net cash flow from operating activities	**-130 817**	-12 614
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments for acquisitions of fixed assets		-2 426
Dividend payments received from associated companies	**47 540**	46 372
Intragroup contributions/dividends received from subsidiaries	**639 021**	136 167
Reduction of capital in subsidiary with capital repayment	**77 000**	
Payments for acquisition of Group companies/associated companies	**-549 752**	-5 390
Proceeds/payments for intragroup receivables (short-term/long-term)	**-17 656**	127 630
Proceeds/payments for other loans (short-term/long-term)	**1 081**	-3 718
Increased cash reserves from merger	**9 079**	8 845
Net cash flow from investment activities	**206 313**	307 480
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/payments for short-term intragroup liabilities	**-114 810**	-2 280
Proceeds from establishing new long-term debt	**708 500**	
Instalments paid on long-term liabilities	**-108 125**	-108 125
Increase in paid-in equity	**131 300**	
Payment of dividend	**-373 434**	-149 373
Net cash flow from financing activities	**243 431**	-259 778
Net cash flow for the accounting period	**318 927**	35 088
Cash and cash equivalents at the start of the period	**244 120**	209 032
Cash and cash equivalents at the end of the period	**563 047**	244 120
This consists of:		
Bank deposits etc.	**563 047**	244 120
Of which restricted funds	**585**	639

Notes Lerøy Seafood Group ASA 2010

(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 costs less accumulated depreciation. This depreciation is distributed linearly over assumed economic life. Similar principles apply to in tangible assets.

(I) TAX
Tax payable in the profit & loss account 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. The Group has 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.

NOTE 1 EQUITY

(All figures in NOK 1 000)

2009	Share capital	Own shares	Share premium reserve	Other equity	Total equity
Equity as of 01.01.2009	53 577	-12 355	2 601 390	121 428	2 764 040
The year's result to equity				96 522	96 522
Purchase/sale/dividend, own shares				644	644
Merger with Lerøy Austevoll Holding AS				56 000	56 000
Impact of option program				2 243	2 243
Equity as of 31.12.2009	**53 577**	**-12 355**	**2 601 390**	**276 837**	**2 919 449**

2010	Share capital	Own shares	Share premium reserve	Other equity	Total equity
Equity as of 01.01.2010	53 577	-12 355	2 601 390	276 837	2 919 449
The year's result to equity				512 750	512 750
Capital increase	1 000		130 300		131 300
Purchase/sale/dividend, own shares				1 608	1 608
Impact of option program				-1 426	-1 426
Equity as of 31.12.2010	**54 577**	**-12 355**	**2 731 690**	**789 769**	**3 563 681**

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**

As of 31 December 2010, Lerøy Seafood Group ASA has 1 142 shareholders. All shares carry the same rights in the company. The number of outstanding shares at year-end 2010 is 54 577 368.

For an overview of share capital and the 20 largest shareholders, ref. note 20 for the Group.

Own shares
The company neither acquired nor sold own shares in 2010. As of year-end 2010, the company owned 229 776 own shares with an average recognised price of NOK 53.77 per share.

NOTE 2 FIXED ASSETS

(All figures in NOK 1 000)

2009	Real estate	Buildings	Total fixed assets
Acquisition cost as of 01.01.09	2 090	36 242	38 332
Addition of operating assets		2 426	2 426
Disposal of operating assets			0
Acquisition cost as of 31.12.2009	2 090	38 668	40 758
Accumulated depreciation as of 31.12.09		-22 443	-22 443
Balance sheet value as of 31.12.09	**2 090**	**16 225**	**18 315**
Depreciation for the year		840	840

2010	Real estate	Buildings	Total fixed assets
Acquisition cost as of 01.01.10	2 090	38 668	40 758
Addition of operating assets			0
Disposal of operating assets			0
Acquisition cost as of 31.12.10	2 090	38 668	40 758
Accumulated depreciation as of 31.12.10		-23 301	-23 301
Balance sheet value as of 31.12.10	**2 090**	**15 367**	**17 457**
Depreciation for the year		857	857

The company makes use of straight line depreciation for all fixed assets. The economic life of operating assets is estimated as:

* Buildings and other real estate	20 to 25 years
* Real estate	Permanent value

NOTE 3 SHARES IN SUBSIDIARIES, ASSOCIATED COMPANIES ETC.

(All figures in NOK 1 000)

Subsidiaries	Location	Ownership / voting rights	Change 2010	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%	4 607	154 070
Lerøy Vest AS	Bergen	100%	-77 000	1 262 132
Sjøtroll Havbruk AS	Austevoll	50.71%	540 000	540 000
Hallvard Lerøy AS	Bergen	100%	9	57 880
Lerøy Smøgen Holding AB	Smøgen, Sweden	100%		36 017
Lerøy Sverige AB	Gothenburg, Sweden	100%		29 690
Lerøy Alfheim AS	Bergen	100%		13 100
Lerøy Delico AS	Stavanger	100%	9 750	15 750
Lerøy Trondheim AS	Trondheim	100%	4 114	23 109
Lerøy Fisker'n AS	Oslo	100%		8 000
Lerøy & Strudshavn AS	Bergen	100%	147	380
Sigerfjord Fisk AS	Sigerfjord	95.59%	-16 867	0
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
Total shares in subsidiaries			**464 760**	**3 329 712**

In 2010 the premium reserve (equity) in Lerøy Vest AS was reduced by NOK 77 000, and repaid to shareholder Lerøy Seafood Group ASA. In addition Lerøy Seafood Group ASA acquired 50.71% of Sjøtroll Havbruk AS. Intragroup contributions paid (after tax effect) are charged against the book value of shares in the subsidiary, and amount to NOK 4 607 for Lerøy Aurora AS, NOK 9 for Hallvard Lerøy AS and NOK 4 114 for Lerøy Trondheim AS, NOK 147 for Lerøy & Strudshavn AS. When it comes to the shares in Sigerfjord Fisk AS (former Sigerfjord Aqua AS) the change consists of an intragroup contribution of NOK 7 517 added to the book value, and a write-down of NOK 24 384 decreasing the book value to zero. The shares in Sigerfjord Fisk AS were sold in January 2011. Net book value represents fair value. The increase of NOK 9 750 for Lerøy Delico AS represents the acquisition of the remaining 25% of the shares.

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**

In 2009 there was a capital infusion from both owners of NOK 1 765. In 2010 there was a capital infusion from both owners of NOK 2.

Other shares	Location	No. of shares	Ownership/ voting rights	Cost price	Balance sheet value
Miscellaneous minor shareholdings				37	37
Total other shares				**37**	**37**

(Continued on next page)

Notes Lerøy Seafood Group ASA 2010

NOTE 4 LIABILITIES, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2010	2009
Long-term interest-bearing liabilities		
Debt to credit institutions	1 068 731	468 356
Total interest-bearing liabilities as of 31.12	**1 068 731**	468 356
Bank deposits	563 047	244 120
Net interest-bearing liabilities as of 31.12	**505 684**	224 236
Downpayment profile for long-term interest-bearing liabilities		
2010		108 123
2011	138 583	97 733
2012	128 350	87 500
2013	128 350	87 500
2014	128 350	87 500
2015	340 850	
Subsequent	204 248	
Total	**1 068 731**	468 356

In 2010, Lerøy Seafood Group ASA established a 5-year extendable bond of NOK 300 000 with Exportfinans (annual option to extend the bond by 1 year at a time).

Covenants

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.

	2010	2009
Liabilities secured by mortgage		
Long-term debt to credit institutions	1 068 731	468 356
Total liabilities secured by mortgage as of 31.12	**1 068 731**	468 356
Mortgaged assets		
Shares in associated companies	163 273	163 273
Shares in subsidiaries	1 236 227	696 227
Buildings	15 367	16 000
Inventory - cross collateral	40 000	40 000
Accounts receivable - cross collateral	280 000	280 000
Total	**1 734 867**	1 195 500
Guarantees issued on behalf of LSG ASA	**125 000**	173 540

Guarantee liability

Lerøy Seafood Group ASA has issued a guarantee to the lenders to Lerøy Midnor for NOK 50 000, Lerøy Aurora AS for NOK 35 000 and Lerøy Hydrotech AS for NOK 40 000. The guarantee provided for Lerøy Smøgen Seafood AB of SEK 60 000 was terminated in October 2010.

Moreover, Lerøy Seafood Group ASA has joint and several liability a Group credit account with a maximum overdraft limit of NOK 400 000.

NOTE 5 INTRAGROUP ACCOUNTS

(All figures in NOK 1 000)

	2010	2009
Long-term intragroup receivables		
Lerøy Alfheim AS	521	2 848
Sigerfjord Fisk AS	3 911	
Inversiones Seafood Ltda.	21 063	11 721
SAS Eurosalmon	7 399	9 500
SAS Fish Cut	1 512	3 054
Total long-term intragroup receivables	**34 406**	27 123
Short-term receivables, intragroup/associates		
Hallvard Lerøy AS	194 907	193 372
Lerøy Midnor AS	433 337	298 254
Lerøy Fisker'n AS	9 450	5 900
Lerøy Alfheim AS	4 592	2 350
Lerøy Smøgen Holding AB (group)	1 850	
Lerøy Sjømatgruppen AS	1 673	
Lerøy Delico AS	3 212	
Lerøy Aurora AS	257 282	95 693
Lerøy Vest AS	286 811	619
Lerøy Hydrotech AS	252 714	
Lerøy Fossen AS	13 994	30 000
Lerøy & Strudshavn AS	6	
Sandvikstomt 1 AS	4	
Norskott Havbruk AS	2 460	5 082
Total short-term receivables, intragroup/associates	**1 462 292**	631 270
Of which intragroup contribution/dividend received		
Hallvard Lerøy AS	194 889	188 000
Lerøy Midnor AS	433 337	297 429
Lerøy Fisker'n AS	9 450	5 900
Lerøy Alfheim AS	4 592	2 350
Lerøy Sverige AB	4 135	8 115
Lerøy Smøgen Holding AB	4 273	8 107
Lerøy Portugal Lda	150	
Lerøy Sjømatgruppen AS	1 673	
Lerøy Delico AS	3 212	2 727
Lerøy Aurora AS	256 321	116 867
Lerøy Vest AS	286 325	
Lerøy Hydrotech AS	250 000	
Lerøy Fossen AS	13 994	30 000
Total dividends/intragroup contributions	**1 462 351**	659 496
Intragroup contributions not recognised on profit & loss		-12 811
Income from investments in subsidiaries	**1 462 351**	646 685
Income from associated companies		
Norskott Havbruk AS (dividend)	50 000	5 082
Alfarm Alarko Lerøy (dividend)		1 372
Income from associated companies	**50 000**	6 454

(Continued on next page)

	2010	2009
Short-term liabilities, intragroup/associates		
Hallvard Lerøy AS (group)	12	880
Lerøy Trondheim	5 714	10 000
Sigerfjord Fisk AS	10 440	708
Lerøy Vest AS		103 222
Lerøy Aurora AS (group)	6 399	
Lerøy & Strudshavn AS	204	
Norskott Havbruk AS		5 082
Total short-term liabilities, intragroup/associates	**22 769**	119 892

NOTE 6 TAX

(All figures in NOK 1 000)

	2010	2009
Tax cost for the year is divided into		
Tax payable	387 001	169 100
Insufficient/excess provision for tax	1 302	-340
Change in deferred tax	91	-74
Total tax cost	**388 394**	168 687
Calculation of the tax basis for the year		
Pre-tax result	1 446 918	640 252
Dividend (adjusted for taxation)	-57 929	-24 641
Permanent differences incl. Group contributions without tax effect	-6 519	-11 942
Change in provisional differences	-324	261
Tax basis for the year	**1 382 146**	603 930
Overview of provisional differences		
Buildings and other fixed assets	-2 637	-3 092
Receivables		-21
Other differences		152
Total	**-2 637**	-2 961
28% deferred tax (- tax asset)	-738	-829
Of which capitalised	-738	-829
Why the year's tax cost is not equal to 28% of pre-tax result		
28% of pre-tax result	405 137	179 271
Permanent differences (28%)	-1 825	-3 344
Tax-free dividend	-16 220	-6 899
Insufficient/excess provision for tax	1 302	-340
Estimated tax cost	**388 394**	168 687
Effective tax rate	26.84%	26.35%
Tax payable booked on balance sheet		
Tax payable	387 001	169 100
Tax payable on Group contributions paid	-6 375	-85 370
Tax payable booked on balance sheet	**380 626**	83 730

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

(All figures in NOK 1 000)

Payroll costs	**2010**	2009
Salary	19 192	11 293
Employer's national insurance contribution	1 979	1 643
Pension costs[1)]	491	324
Option costs (incl. employer's contribution, cf. note 1)	1 808	2 243
Other remuneration		1 365
Total	**23 470**	16 868

[1)] Defined contribution pension scheme

Average number of employees: 7

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

Auditor

Invoiced fees in 2010 from the Group auditor PriceWaterhouseCoopers AS, the law firm PriceWaterhouseCoopers AS and other auditors, were as follows:

	2010	2009
Auditing fees Group auditor	633	653
Other services Group auditor	342	335
Total	**975**	988

NOTE 8 ITEMS COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	**2010**	2009
Interest income from Group companies	1 245	34 852
Other interest income	10 104	7 217
Other financial revenues	1 933	
Total financial revenues	**13 282**	42 069
Financial costs	**2010**	2009
Interest cost	19 177	27 523
Loss on foreign exchange	913	
Other financial cost	1 396	3 642
Total financial costs	**21 486**	31 165
Net financial items	**-8 204**	10 904

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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 2010, 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 2010, income statement, statement of comprehensive income, changes in equity, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company give a true and fair view of the financial position for Lerøy Seafood Group ASA as at 31 December 2010, and of 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 give a true and fair view of the financial position of the group Lerøy Seafood Group ASA as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and account 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 account 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 the company's 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, 30 March 2011
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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The Annual Report is printed on environmental approved paper.