LERÖY

2009

ANNUAL REPORT

ANNUAL REPORT 2009

Content

Financial calendar

25.02.2010	PRELIMINARY ANNUAL RESULTS 2009
12.05.2010	REPORT Q1 2010
16.08.2010	REPORT Q2 2010
04.11.2010	REPORT Q3 2010
23.02.2011	PRELIMINARY ANNUAL RESULTS 2010
26.05.2010	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 commercialise 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. In 2007 the Group continued expanding the aquaculture activity by acquiring the company Lerøy Vest AS. The Group's investments in downstream activities the last years, have established the Group as an important 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 2009 the Group had 1,563 employees. In 2008, Austevoll Seafood ASA increased its ownership from 33.34% to 74.93% through a mandatory offer. In 2009, Austevoll Seafood ASA reduced its ownership to 63.73% in order to increase the share liquidity.

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 market in June 2002. Since then, the company has introduced several stock issues, most recently in March 2007. The availability of capital has been an essential ingredient in the Group's development from a seafood exporter to a wholly integrated seafood group. Stock exchange listing of the parent company Lerøy Seafood Group ASA provides access to venture capital and in selected cases the shares are used as payment in kind in connection with acquisitions. At the beginning of 2010 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

	2009	2008	2007
Operating revenues	7 473 807	6 057 053	6 290 898
Ordinary depreciation	204 007	197 023	153 846
Operating result before biomass value adjustment	950 156	337 206	387 215
Operating result	1 010 639	300 837	403 053
Result before tax	987 278	164 046	368 826
Annual result	**730 141**	**127 052**	**279 564**
Earnings per share	13.62	2.33	5.75
Diluted earnings per share	13.62	2.33	5.71

Important strategic events the last 10 years

2000	Infusion of capital
2001	Investment in Egersund Fisk AS
2001	Investment in Scottish Sea Farms Ltd
2001	Investment in distribution in Sweden (Lerøy Sverige AB)
2002	Infusion of capital
2002	Listing on the stock exchange
2002	Investment in smoking company in Sweden (Lerøy Smøgen Seafood AB)
2003	Acquisition of Lerøy Midnor AS
2003	Infusion of capital
2004	Acquisition of 60% of shares in Portnor Lda
2004	Acquisition of fish farming capacity in Mid-Norway
2005	Partnership with Alarko Holding in Turkey
2005	Infusion of capital
2005	Acquisition of Lerøy Aurora Group
2005	Acquisition of Laksefjord AS
2005	Investment in distribution in Norway and Sweden
2005	Bulandet Fiskeindustri AS included in group structure
2006	Investments resulting in nation-wide distribution of fresh fish
2006	Acquisition of Lerøy Fossen AS
2006	Infusion of capital
2006	Acquisition of Bjørsvik Settefisk AS
2006	Purchase of 100% of shares in Lerøy Hydrotech AS
2007	Infusion of capital
2007	Purchase of 100% of shares in Lerøy Vest AS
2007	Sale of the 38.3% block of shares in Egersund Fisk AS
2008	Purchase of two licenses in Mid-Norway and one license in Northern Norway
2008	Austevoll Seafood ASA 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%

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 some specific and central elements of the Corporate Governance concept that relates to the interface with the company's present and future owners.

* 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".* The Lerøy Seafood Group has the established goal of becoming 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 in its eleven meetings in 2009, the Board has maintained a particular focus on the connection between practical operations and strategic business development. The Board and company management has since 1997 worked purposefully to develop the Group into a wholly integrated leading and profitable seafood group. This work has for a considerable time been carried out in accordance with our public announcements. In this respect, reference is made to the "Purpose of Share Distribution" described in the prospectus issued for the registration on the Oslo Stock Exchange in June 2002: "With this share issue the company wants to secure active future participation in the restructuring and internationalization taking place in the industry. Consequently, in order to capitalise on past performance and to be in position for future earnings, the Lerøy Seafood Group will assess possible acquisition and merger alternatives as well as possible alliances that may enhance the basis for further profitable growth". The Board's work reflects this strategy and the results are shown through management implementation.

The 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 changing economic conditions. The Group's regional structure with independent units, also in respect of short term reporting, facilitates good control and powerful focusing. The internal control is based on daily and weekly reports that are summarised to monthly reports tailored to the individual company, while at the same time providing satisfactory reporting on group level.

When recruiting board members, the company's owners have already for many years considered the company's needs for varied competency, continuity, renewal and changes in ownership structure. It will always be in the company's interest that the composition of the Board varies in line with the

demands made on the company and with expectations to Group performance. The Board's assessment of itself and of Group management must of necessity be seen in conjunction with the Group's performance. So far the Board has not issued reports on its assessment of its own work; this is a conscious priority decision and must be viewed in connection with other announcements in the company's communications to the public. Moreover, external assessments of the Board's work are probably the most influential and are likely to be so in the future.

The current Board members are:
Chairman of the Board, **Helge Singelstad**, was appointed to the Board by the extraordinary general shareholders' meeting on 26.11.09. Helge Singelstad is 47 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 was previously both 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 Vice 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 31.12.09, but as a shareholder in Austevoll Seafood ASA he indirectly owns shares in the Group.

Board member **Fons Brusselmans** has been a member of the Board since the 1998 ordinary shareholders' meeting. Fons Brusselmans is 59 years old and a graduate in business economics from the Norwegian School of Management (BI). Brusselmans has held management positions in international service industries for a number of years. In addition, Brusselmans also has broad experience in working on the boards of international commercial enterprises. At 31.12.09, 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 26.05.09. Arne Møgster is 34 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 20.05.08. Drivenes is 47 years old and holds a BA degree in Business Administration from the Norwegian School of Management (BI). Drivenes is the CFO of Austevoll Seafood and is also a board member in a number of companies. Drivenes indirectly owns shares in Lerøy Seafood Group ASA as a shareholder of Austevoll Seafood ASA.

Board member **Hege Charlotte Bakken** was appointed to the Board by the extraordinary shareholders' meeting on 12.12.08. Bakken is 37 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. Bakken is today the Managing Director of Marvesa Rotterdam N.V. Among other areas, Bakken has previous experience from Pronova BioPharma Norge AS, FishMarket International AS, FrioNor AS, and Norway Seafoods ASA. Bakken has also served as board member for Pronova Biopharma Norge AS and Pronova BioPharma ASA. Bakken owns no shares in the company as per 31.12.09.

Board Member **Hans Petter Vestre** was appointed to the Board as the employees' representative at the ordinary shareholders' meeting on 24.04.95. Vestre is 43 years old and a graduate of the Norwegian College of Fishery, University of Tromsø. Vestre 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 on 31.12.09.

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 and so far the Board chairman has always been present. In case of his absence, the Board will make satisfactory arrangements for chairing the meeting.

Auditing committee

In compliance with new regulations the Board has established an audit committee consisting of Fons Brusselmans (chairman) and Britt Kathrine Drivenes (member). The audit committee reports to the Board chairman. 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 2009.

Nomination committee

The ordinary shareholders' meeting on 25.05.05 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 the community in general. Lerøy Seafood Group aims to provide a satisfactory rate of return from all its activities. The yield to shareholders in the form of dividend and share price performance ought to reflect the company's value generation. Distributed dividend should develop in line with the company's financial strength, growth and profitability. The recommended dividend distribution for the year is NOK 7.0 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. 2009 has been a good year for Lerøy Seafood Group. This, combined with good market prospects, provide the basis for a dividend distribution of NOK 7.0 per share. However, care must be taken throughout to ensure that the Group operates in line with good 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 dividend.

* 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 earnings 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, limit individual risk and keep risk as a whole within acceptable constraints.

Operating risk
The Group's fish farms are located in relatively open seas which provide the best conditions for fish farming in terms of the environment and 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 lost fish in this way in 2009 but has a goal for zero escape as this goal is considered to be attainable. Furthermore, keeping animals in intensive cultures will always represent the risk of illness. Fish are particularly vulnerable to diseases when they start life at sea, as they are exposed to stress during this period and have to adapt to a completely new environment. The risk of diseases can be reduced by ensuring high quality smolt, vaccinations, good conditions and the correct locations for the fish. More recently, the industry has become increasingly interested in sustainable fish feed.

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

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

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

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 krone.

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 price, which is the most prominent single factor on the cost side. Feed costs are impacted by the developments in prices for marine raw materials and agricultural products.

* SHAREHOLDERS' MEETING

Negotiability and voting rights
From 03.06.02, the shares in Lerøy Seafood Group ASA have been quoted on the main list 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), cp. 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), cp. in particular chapters 9 and 10 of the Act.

The first time the Board was authorized to acquire the company's own shares was at the ordinary shareholders' meeting on 12.05.00. This authority has subsequently been renewed, most recently at the ordinary shareholders' meeting on 26.05.09, and is to remain valid for 18 months from the date on which the resolution was adopted. The authority was not exercised in 2009. An extension of the authority will be recommended to the ordinary shareholders' meeting on 26.05.10. At 31.12.09 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 10.12.97 and has subsequently been renewed, most recently by the ordinary shareholders' meeting on 26.05.09. This 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 26.05.10. The authority has not been exercised.

The Board had 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 04.05.99 and subsequently renewed by the ordinary shareholders' meeting on 26.05.09. The Board did not exercise this authority in 2009 and it will be recommended that an equivalent authority be approved by the ordinary shareholders' meeting on 26.05.10.

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

Compensation including options

The Board's compensation is not performance based. The Board members elected by the shareholders have no share options. The Board's total compensation is shown in a separate note to the accounts. If enterprises that board members are associated with perform work for the company's Board, the question of independence is treated specifically by the Board.

The Group's development is closely linked to the Group's ability to recruit and keep managerial staff and the Group employs various models for remuneration of management personnel at competitive terms. Such compensation may vary over time both in respect of level and form of payment. In addition to the annual salary, the Group uses a performance based bonus not exceeding the respective annual wage, lump sum 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, the Board by its chairman has until now handled all practical matters in respect of agreements with the Group CEO. The compensation 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 it has been practiced in a few cases and then 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 20.06.06 the Board established a new option scheme limited to 700,000 options at NOK 125 each. These options were fully distributed as at 29.02.08, 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 2009 were not exercised.

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

Employees' purchase of shares at reduced price

In connection with public share issues, the first time in 1998, the company's employees have been given the right to subscribe for 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 works in accordance with an annual schedule known to the Board and the administration.
The auditor is available for questions and comments to the annual accounts and other matters at the Board's discretion. The auditor reports on his work in writing to the company administration and the Board by its chairman. The Board is informed of the general nature of the services the administration buys from the auditor. Apart from normal auditing, the Board has until now found no need to request detailed descriptions of services delivered to the company. Moreover, the auditor has not been requested to submit an annual statement of independence because the company's auditor practices internal rotation and the auditing firm is quite large.

✱ INFORMATION

Lerøy Seafood Group ASA strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties. Since 1997 the company has presented quarterly reports with financial information. Timely, relevant, consistent and current information is the basis upon which all interested parties will assess the value of the company's shares. The company's most important medium for distributing information will be the Oslo Stock Exchange reporting system, but the company will also present such information directly to investors and analysts. Lerøy Seafood Group will inform its shareholders through the annual report, quarterly reports and at appropriate presentations. In addition, press releases will be sent out about important events in 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 Internet home page will also be updated with relevant information. The company's Internet address is www.leroy.no.

✱ TECHNICAL INFORMATION

At 31.12.09, Lerøy Seafood Group ASA had 53,577,368 shares, each with a face value of NOK 1. The number of shareholders as per 31.12.09 was 1,207, of whom 131 were foreign shareholders. The company's register of shareholders, cp. S. 4-4 of the Public Limited Companies Act (Norway), was registered with the Norwegian Central Securities Depository (Verdipapirsentralen – VPS) on 28.11.97 and carries the VPS registration number ISIN NO-000-3096208. DnB NOR Bank ASA, Oslo, is the account manager. The share's Ticker code on the Oslo Stock Exchange's main list is LSG. The company's enterprise number in the Register of Business Enterprises is 975 350 940.

The overview below shows the so-called RISK values for the company's shares:
01 January 1996 NOK 0.0
01 January 1997 NOK 1,592.60
01 January 1998 NOK 3.50
01 January 1999 NOK 1.14
01 January 2000 NOK 0.83
01 January 2001 NOK 0.89
01 January 2002 NOK 1.69
01 January 2003 NOK –0.02
01 January 2004 NOK –0.59
01 January 2005 NOK –0.88
01 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 used when redistributing RISK amounts after share splits:
Share split on 11.05.1998, factor 0.10000
Share split on 30.06.1997, factor 0.00100

Actual distributed dividend for the accounting year 2004 was NOK 0.80 per share. Each shareholder can therefore demand RISK per 01.01.05 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.

25 February 2010
Preliminary result for the year 2009

12 May 2010
Presentation of result for 1st Quarter 2010

26 May 2010
Ordinary shareholders' meeting

The shareholders' meeting will be on 26 May 2010 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, 25 May 2010.

The Board has recommended a dividend of NOK 7.0 per share. If the shareholders' meeting approves the recommended distribution, it will be paid to the shareholders on 2 June 2010. The shares are quoted exclusive of dividend on 27 May 2010.

16 August 2010
Presentation of the result for 2nd Quarter 2010

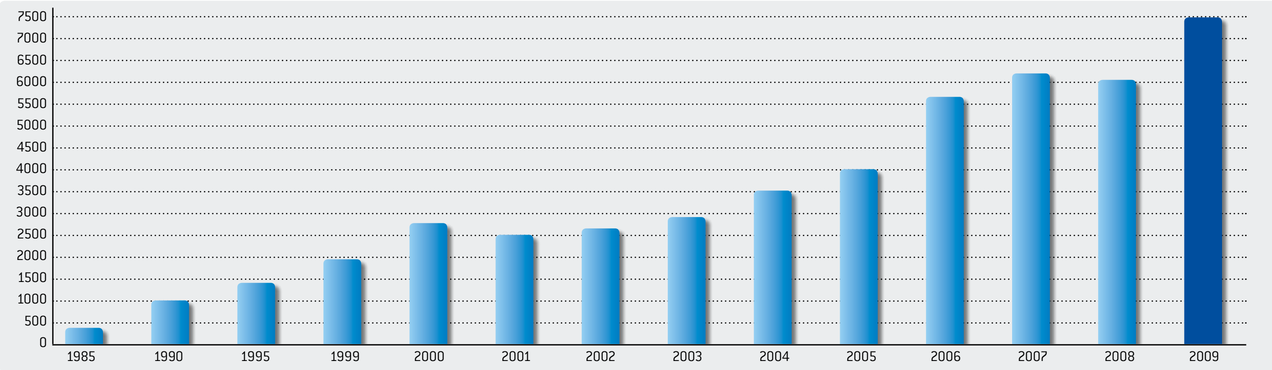
4 November 2010
Presentation of the result for 3rd Quarter 2010

23 February 2011
Presentation of preliminary result for the year 2010

Key figures and graphs for the Group

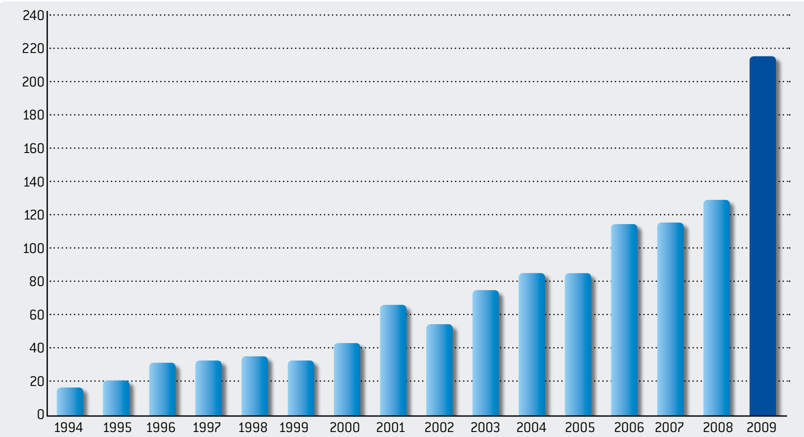
TURNOVER

Figures in NOK million



OPERATING PROFIT – SALES AND DISTRIBUTION

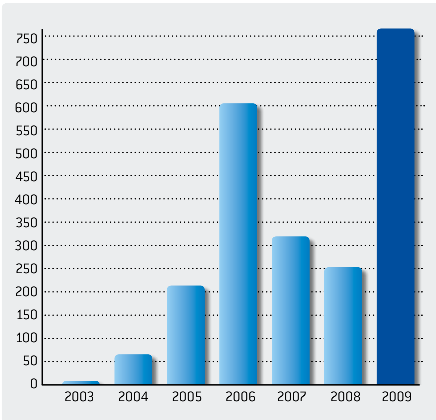
Figures in NOK million



In addition, LSG ASA (see note 13).

OPERATING PROFIT BEFORE BIOMASS ADJUSTMENT - PRODUCTION

Figures in NOK million



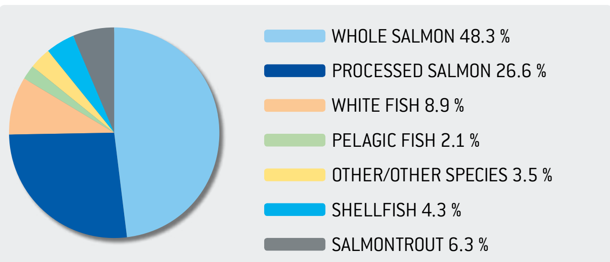
FINANCIAL KEY FIGURES

Figures in NOK million

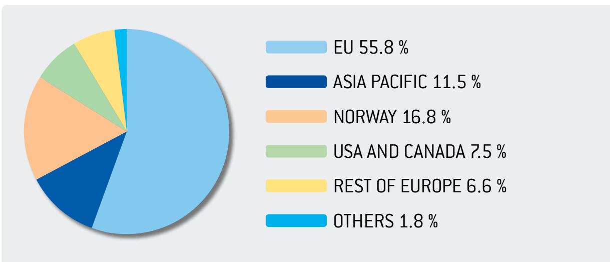
	2009	2008	2007	2006	2005
Profit margin [1]	**13.2 %**	2.7 %	5.9 %	15.3 %	10.3 %
Operating margin [2]	**13.5 %**	5.0 %	6.4 %	13.7 %	8.8 %
Operating margin before biomass value adjustment	**12.7 %**	5.6 %	6.2 %	12.2 %	6.8 %
Earnings per share [3]	**13.62**	2.33	5.75	15.86	8.65
Earnings per share before biomass value adjustment	**12.80**	2.83	5.80	14.00	6.73
ROCE [4]	**18.5 %**	5.5 %	9.4 %	32.9 %	31.1 %
ROCE before biomass value adjustment	**18.1 %**	6.4 %	9.9 %	31.1 %	25.4 %
Equity ratio [5]	**51.8 %**	48.4 %	50.3 %	41.8 %	50.5 %

1)Profit margin = Profit before tax/Operating revenue, 2) Operating margin = Operating profit/Sales revenues, 3) Earnings per share = Majority share of annual profit/Average no. of shares, 4) ROCE = (Profit before tax + Net financial items)/(Average net interest bearing debt + Average equity), 5) Equity ratio = Total equity/Total assets

SALES PER PRODUCT GROUP



SALES PER MARKET



Board of Directors' statement

On salaries and other remuneration to senior staff

Wage and remuneration guidelines for senior staff in Lerøy Seafood Group ASA.

*** MAIN PRINCIPLES IN THE COMPANY'S WAGE POLICY**

The Group's development is closely linked to its ability to recruit and keep leading personnel. The Group uses several models for wages and other remuneration to senior staff and total compensation may therefore vary over time both in magnitude and method of calculation. In addition to the annual salary the Group also pays performance based bonuses limited to one annual wage, such as lump sum payments, sign on fees, arranged leave of absence, educational opportunities and option agreements. The Group has collective pension schemes. The board of directors by its chairman has until now handled all practical matters in respect of wage agreements with the Group CEO. Remuneration to other senior Group staff is determined by the Group CEO. Compensation is adjusted annually, but is viewed over several years in order to enhance employment continuity.

*** PRINCIPLES FOR COMPENSATION IN ADDITION TO BASE SALARY**

Basis: Basic salary

Salaries to managerial staff must be competitive – we want to attract and keep the most competent leaders.

The basic salary is normally the main element in the leader's compensation. There is at present no particular limit on the total compensation a senior staff member may earn.

Additional compensation: Bonus arrangement

The compensation earned by leading staff must inspire to good work and must be structured to motivate the employee to extra effort for continuous improvement of the operation and the company's performance.

The Group uses performance based bonuses that can be up to one annual wage.

Options

Since the spring of 1999 the board has used options as an important instrument in the development of the Group. On 20.06.06 the board of directors approved an option program of 700,000 options at an exercise price of NOK 125 each. They were allocated on 29.02.08 and 1/3 of the options can be exercised in May of 2009, 2010 and 2011. Options due in May 2009 were not exercised.

Common to all these programs is that the option rights will lapse on all options that are not exercised whenever the option owner's employment with the Group is terminated. Also, the exercise price in all the option programs reflect the market share price (or higher) at the time of allocation.

Pension schemes

All companies in the Group satisfy the requirements in the Compulsory Work Pension Act (Norwegian: OTP). The schemes are in the main established as contribution based pension schemes.

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

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

Termination wages

The Group seeks to limit the use of so-called "termination wages", but it has been used in certain cases and then always limited to two years wages. Under certain circumstances termination wages may be an acceptable alternative for all involved.

Non-pecuniary benefits

Senior staff 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, first time in 1998, the company's employees have been given the right to subscribe for a limited number of shares at a reduced price (20%). The company's employees have also been allowed to purchase a limited number of shares at reduced price (20%).

*** PROCEDURE FOR ESTABLISHING MANAGERIAL WAGES**

Establishing the wage for the Group CEO

Compensation paid to the Group CEO is determined annually by the board chairman with authority from the board. A part of the compensation is options.

Establishing the wages for the Group's managerial staff

Compensation to each person in the Group's managerial staff is decided by the Group CEO. Before a final decision, the Group CEO shall discuss his proposal with the board chairman. The board of directors shall be informed of the decision afterwards.

Establishing incentive schemes

General schemes for payment of variable benefits, including bonus schemes are decided 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.

Programs 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 decided by the general shareholders' meeting, the board of directors will make the decisions as to start and implementation of each program. The board can also delegate such authority to the Group CEO.

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

Compensation to the board of directors
The board's compensation is not performance based. The board members have no option rights. The board's compensation is decided annually by the ordinary general shareholders' meeting.

✱ MANAGERIAL WAGES IN OTHER GROUP COMPANIES
Other companies in Lerøy Seafood Group shall adhere to the main principles in the Group's managerial wage policy as they are described in item one above.

Bergen, 07.04.10
Board of Directors
in Lerøy Seafood Group

Management report 2009

✱ 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, institutional households and consumers. Lerøy Seafood Group has a clear focus on delivering products of high quality and on developing binding, long-term, profitable and cost effective 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, as well as product development.
The Group operates through subsidiaries in Norway, Sweden, 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-effective and continuous supplies of a wide range of high-quality seafood products. The Group's global sales network allows it to act as an efficient supplier with good product range dispersal, thus reducing risks for the Group and its partners. Lerøy Seafood Group will continue to maintain strategic geographical market dispersal, but will also use its resources to focus on selected markets with a view to maintaining or developing significant market shares.

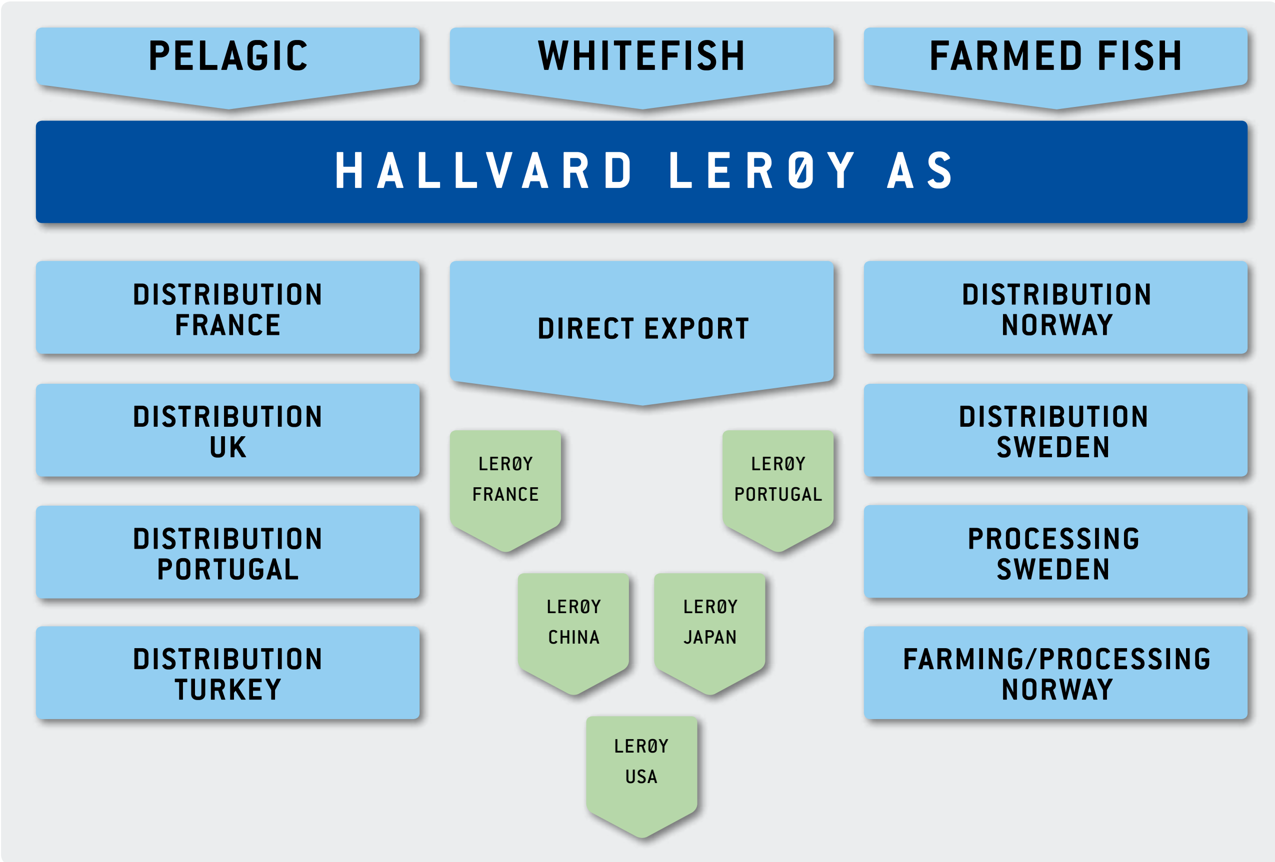
Developments in the world's food markets pose increasing demands on our marketing work and require differentiated approaches depending on the respective market area and on the products being marketed. Lerøy Seafood Group will therefore also in the future strive to provide its customers with cost-effective, 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 in this 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 the mutual exchange of expertise between performers. Businesses within the network, regardless of ownership, must be given ample opportunities to focus on their own core activities and to capitalise on scale advantages and reduced risks.

The Group divides its products into the main sectors of salmon products, whitefish, pelagic fish and 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 Group'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 Group's sales network with established strategic alliances and the 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 to 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 Groups's financial contingency planning, both now and in the 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 be carried out under international rules. Lerøy Seafood Group and its partners and colleagues will therefore work systematically to improve the acceptance 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 fresh fish product share is more than 80% and will be maintained in coming years. In addition, there is a clear trend towards a rising level of processing throughout our range of products. Through many years with 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, more and more stringent demands are



made on the actors involved. Standards of food safety, cost efficiency, quality and long-term commitment through continuity of supplies 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 works with stringent demands to food safety, cost efficiency and continuous product development.

As in the Norwegian market, the Group's position in the Swedish market is particularly strong with a good base for cost-effective distribution of seafood through the subsidiaries in Stockholm, Gothenburg and Malmø. Moreover, the Group's production unit in Smøgen, Lerøy Smøgen Seafood AB, represents a very exciting element within the Group. The work of efficiently organising the Group's activities in Sweden has shown positive results and we expect that the Swedish structure will create interesting opportunities in coming years. Through Portnor Lda the Group is well positioned in the Portuguese market and Portnor Lda also ensures our representation on the Iberian Peninsula, which is an important market for Norwegian fish.

The Group's strategic investments since 2006 have made it into a nation-wide distributor of fresh fish through its own companies in Bergen, Oslo, Stavanger and Trondheim and in collaboration with other partners in the rest of the country. This strategy is long-term and will, in the company's opinion, generate good opportunities for increased earnings in the long term.

The Group's investment in Alfarm Alarko Lerøy in 2005 represents a continuation of many years of collaboration with the very sound, well-reputed and listed company Alarko Holding in Turkey. The collaboration with this very able partner has more than satisfied the administration's expectations and appears to be developing into a very interesting venture.

In recent years the Group has invested significantly in aquaculture activities in order to support its strategic development into a supplier of high quality seafood products to quality-conscious customers in the global seafood market. The subsidiary Lerøy Midnor AS is located in one of the pioneer districts for farming of Norwegian salmon and trout. Lerøy Midnor's result for 2009 is extremely good, as a result of high salmon prices and not to mention low production costs. The subsidiary Lerøy Aurora AS had intermittent biological difficulties in the reporting period, but showed good performance towards the end of the year. This good performance is expected to continue into 2010. Since it was acquired in 2006, the subsidiary Lerøy Hydrotech AS has shown a positive development although the 2009 result is negatively influenced by the operational turn-around process to which the company still is subjected. The subsidiary Lerøy Vest AS has, like the other farmers in Western Norway, had biological issues related to the fish disease Pancreas disease after the acquisition in 2007. A numerous of operational actions have been taken, including a vast vaccination program. Despite a positive development in 2009, Lerøy Vest's results are also this year negatively influenced by the aforementioned problems.

After Atlantic salmon, whitefish is the largest product area for Lerøy Seafood Group. In recent years, this product group 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. Whitefish farming continues to be a relatively modest business area, and despite current demand issues one that is expected to probably show positive growth in longer terms thanks to the industry's innovative skills and determination. It is anticipated that production volumes of farmed cod and halibut over time will be substantial. The Group expects increased demand for whitefish in the future, a demand that to a considerable degree must be met by the aquaculture industry.

Lerøy Seafood Group sees possibilities for stable and satisfactory earnings from sale of processed pelagic fish, provided the main markets for pelagic fish show a continued improvement in their ability to pay. The Group expects that this potential can be realised in the long term by a strong focus over several years on product development and improved market dispersal. Lerøy Seafood Group is also a supplier of fresh pelagic fish to Norwegian and European markets. The sale of fresh pelagic fish represents a small but interesting niche product.

"During recent years the Group has developed into one of the world's leading producers of salmon and trout"

Throughout the year 2009 Norway succeeded in sustaining its position as the world's leading producer nation of the company'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 strengthen this position in the next few years as the second largest producer nation, Chile, is facing severe biological issues.
During recent years the Group has developed into one of the world's leading producers of salmon and trout and has consolidated its position in local distribution of seafood in Norway and Sweden. The Group has at the same time strengthened its position as Norway's leading marketing company and exporter of seafood.

The Group is exposed to the risks inherent in its core activities. In addition to credit risk, financial risk and commercial risk, etc, the Group's activities are also exposed to biological risk and political (regulatory) risk. The political risk includes everything from market access (in particular for production in Norway), changes in operational and discharge permits, licensing schemes, etc. Although there is always a risk associated with the development of the world market for Atlantic salmon and trout, we anticipate that the present global recession also in 2010 will be balanced by a significant reduction in the global supply of Atlantic salmon due to the biological problems in Chile.

The Group has several criteria for the selection of potential alliance partners and investment objects and emphasise the alliance partner's qualifications that tend to ensure a satisfactory operation. These criteria apply among other things to management competency 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. Since the company is engaged in a global industry where framework conditions are constantly changing, it is important that our staff maintain and extend their skills and competence. Our organisation may be described as young but experienced. Constant changes in the company's business environment require dynamic and flexible co-workers with willingness to learn and the Group has employees who meet these requirements. The employees are dedicated to improving the Group's performance and competitive ability and to making sure that each company is able to satisfy future demands and the Group's strategies and profit targets. In order to meet future challenges in the world's food markets, the Group will continue to develop its organisation through manpower projects linked to the Group's strategic goals. The rapid development in recent years has been possible because capable people 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 capable employees as possible. The Group must be strongly focused on being a winner in the competition for result-oriented and competent 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."

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 given by both local and central public authorities. 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 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 affiliated company Norskott Havbruk AS.

Business segments

The Group's primary business segments are Sale & Distribution and Production. This segmentation is chosen due to type of organisation and commercial risk. The production segment consists of the companies Lerøy Midnor AS, Lerøy Vest AS, Lerøy Hydrotech AS, Lerøy Aurora AS, Lerøy Fossen AS, Bulandet Fiskeindustri AS, Sigerfjord Aqua 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 any of the segments.

Lerøy Seafood Group is experiencing rapid growth and has already established significant 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. Sales 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 will be further developed through harvesting of synergies in several areas and the various production environments will draw on each other's competence 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 a well-run sales and distribution activity makes it possible to benefit from economies of scale in logistics and distribution in collaboration with our future customers. The wholly integrated operation comprises a totality of decisive importance for our competitive ability when providing the Group's central customers with continuity in supply of quality products of fresh seafood.

Sale and Distribution

In 2009, the activity segment Sale and Distribution generated an operating profit of NOK 217 million against NOK 129 million in 2008. This is due to a number of factors, including a good utilisation of capacity, a good market for the Group's main products, Atlantic salmon and salmon trout, and also the Group benefiting more from its strong position in the world's major fish markets. Total assets in the activity segment at 31.12.09 were NOK 1,473 million compared with NOK 1,237 million at 31.12.08.

Measured in sales, **Hallvard Lerøy AS** is the largest company in the Group, generating a turnover of NOK 6,403 million in 2009, an increase from NOK 4,973 million in 2008. Hallvard Lerøy AS, located at the Group's head office in Bergen, has had a market oriented organisation since 01.01.96. The organisation focuses on customer needs and on cost-effective handling of the individual client. The Group's 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 is represented by Hallvard Lerøy AS sales offices in a number of countries, as well as established Group companies in Sweden, France and Portugal. The company has sales offices in China, Japan and USA. The sales offices and the Group 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 a presence in more markets in the years ahead.

In addition to international sales and

Company	Ownership share	Licences No	Mill. smolt individuals	2008 GWT	2009 GWT	2010E GWT
Lerøy Midnor AS	100 %	30	9.5	29 100	35 000	36 500
Lerøy Aurora AS	100 %	17	5.0	17 200	19 300	20 500
Lerøy Hydrotech AS	100 %	24	7.0	23 000	21 500	24 000
Lerøy Vest AS	100 %	34	14.2	23 400	32 700	35 000
Total Norway		105	35.7	92 700	108 500	116 000
Norskott Havbruk AS (UK)*	50 %		6.0	11 400	13 200	12 000
Total			41.7	104 100	121 700	128 000

Consolidated, farming — Affiliated, farming — *LSG's share

marketing, the Group is also engaged in nation-wide distribution of fresh fish in the Norwegian market through **Lerøy Sjømatgruppen AS** and its subsidiaries in Bergen, Oslo, Stavanger and Trondheim. The business is based upon regional anchoring and competence in the area in which the customer operates. At the same time the network offers scale advantages from nation-wide marketing and distribution. The administration expects that the company's investments in nation-wide distribution of fresh fish will generate additional activity in the company in coming years.

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 activities in Norway. The unit gives the Group a suitable interface with customers in France, which is an important market for the Lerøy Group. The two companies are being continuously developed in collaboration with their able local managerial staffs and competent employees. Nordvik SA is one of the largest importers of fresh fish in France.

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

Production

In the year 2009 the Production activity segment generated an operating profit before biomass adjustment of NOK 755 million against NOK 252 million in 2008. The extremely positive development in profit resultants from increased volumes, lower production costs and higher prices for the Group's main products, Atlantic salmon and trout. Total assets on 31.12.09 in this operational segment were NOK 7,127 million compared with NOK 6,609 million on 31.12.08. The Group's engagement in production of Atlantic salmon and trout is the most significant activity in this segment. There are also various types of processing of salmon and trout, as well as products of shellfish in brine and a number of seafood salads, etc. The business segment has activities in Norway, Sweden and France.
The Group's production of salmon in Scotland is effectuated through the affiliated company Norskott Havbruk AS.

Since December 2003, the production of salmon and trout has been built up to where it now consists of units that will harvest ca. 116,000 tons in Norway in 2010. The Group is therefore now the second largest producer of salmonoid species in the world. The production takes place in three regions in Norway. The northernmost region is Troms County where Atlantic salmon is produced from 17 licenses. The largest region is located on the central Norwegian coast where the companies Lerøy Midnor AS and Lerøy Hydrotech AS produce salmon and trout from 54 licenses. The last region is western Norway where the company Lerøy Vest AS takes care of all production.

Farming Norway

This company produces Atlantic salmon and trout from 34 licenses.

In addition, the Group has its own production of roe and smolt. The Group's strategy of being self-sufficient in quality smolt has generated good results. The Group produces smolt in several plants with 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. The strategy will be continued.

Lerøy Midnor AS is the Group's largest production unit and is situated on Hitra on the central Norwegian coast. The organisation consists of motivated and competent employees. Lerøy Midnor AS is one of Norway's largest fish farming companies with a total of 30 wholly owned licenses for marine based production. The company also has licenses for production of smolt for its own fish farming activities and slaughters practically all its biomass in its own facilities. Lerøy Midnor AS also has a division for processing of salmon. In 2009 the company harvested 35,000 tons of salmon and expects an increase to 36,500 tons in 2010. The earnings trend in 2009 shows that the company is the most profitable aquaculture enterprise in the Group. The plan for Lerøy Midnor AS calls for growth within the home region in the years to come.

Lerøy Hydrotech AS is with its competent and committed employees 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

"The organisation consists of motivated and competent employees."

of smolt to other fish farming companies in Norway. The company's plant for processing of salmon in Kristiansund (N) is a modern facility with capacity to handle the company's entire production volume. In 2009 the company harvested 21,500 tons of salmon and expects an increase to 24,000 tons in 2010. 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 Troms and grows Atlantic salmon on 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 Skjervøy with a slaughtering capacity of 120 tons per shift. In 2009 the company harvested 19,300 tons of salmon and expects an increase to 20,500 tons in 2010. 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 competent management and staff. Lerøy Aurora AS will grow within its home region in the years to come.

Lerøy Vest AS is mainly located in Hordaland County and was acquired

Foto: Dagligvarehandelen

in April 2007 and later merged with the farming activities in Lerøy Fossen AS in 2008. The company has 34 licences for marine production of salmon and salmon trout, seven wholly owned plants for production of young fish and an additional young fish facility partly owned. The company is self-supplied with smolt. Since the acquisition Lerøy Vest AS has, like the other farmers in Western Norway, had severe biological issues related to the fish disease Pancreas disease. A number of operational actions have been taken including a big vaccination program. Despite a positive development in 2009, Lerøy Vest's results are also for this year negatively impacted by aforementioned. Accordingly, a considerable effort goes 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 2009 the company harvested 32,700 tons of salmon and expects an increase to 35,000 tons in 2010.

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

Sigerfjord Aqua AS is Norway's largest producer of Arctic char. The company's production this year will exceed 200 tons while total production of Arctic char in Norway will probably be approximately 400 tons. The company's close cooperation with Hallvard Lerøy AS on the marketing side provides good opportunities for steady and cost-effective distribution. Arctic char is an important niche-article in among others the Swedish market.

Bulandet Fiskeindustri AS is a modern Norwegian processing company of whitefish for the Norwegian retail market. The most important raw material basis is saithe, and the company's products are important to complete the Group's product range.

"And there will always be uncertainty about market developments, particularly in the face of a global recession."

Lerøy Smøgen Seafood AB is a Swedish seafood group involved in 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 sold 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 are decisive for the Group's processing of salmon products for the French market. The companies collaborate closely with the market companies Hallvard Lerøy AS and SAS Hallvard Lerøy.

* AFFILIATED BUSINESSES

Lerøy Seafood Group ASA has ownership interests in two so-called affiliated companies; Norskott Havbruk AS and Alfarm Alarko Lerøy in Turkey. On the back of favourable market conditions and good production, affiliated companies achieved satisfactory returns in 2009. In aggregate, affiliated companies gave the Group a profit share of NOK 63 million in 2009 against NOK 14 million in 2008.

By far the largest share of the capital invested in affiliates is allocated to Scottish Sea Farms Ltd. with production of Atlantic salmon in Scotland, the Shetlands and the Orkneys. The company is exposed to the risks naturally inherent in this type of operation; in addition to commercial risks there will also be biological risk and political (regulatory) risk associated with the production of salmon. The political risks include everything from access to markets (particularly for producers in Norway) to changes in operating and discharge permits and license regulations, etc. And there will always be uncertainty about market developments, particularly in the face of a global recession. However, expectations of a significant reduction in the global supply of Atlantic salmon seen together with already contracted sales, give grounds for believing that Scottish Seafarms' positive development in 2009 will be continued in 2010.

Norskott Havbruk AS is 50% owned by Lerøy Seafood Group ASA and the fish farming company SalMar ASA respectively. Norskott Havbruk AS was set up in 2001 for the sole purpose of acquiring the company today bearing the name Scottish Sea Farms Ltd. Norskott Havbruk AS today owns 100% of Scottish Sea Farms Ltd, the second largest fish farming company in Scotland. Scottish Sea Farms Ltd has a production capacity for Atlantic salmon of 28,000 tons gutted weight (GWT). The company harvested 26,400 tons GWT in 2009 and expects to harvest 24,000 tons GWT in 2010. The company also produces smolt and largely covers its own needs.
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-effective 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 will grow in its region in the years ahead.

Alfarm Alarko Lerøy has operations based in Turkey. In close collaboration with Hallvard Lerøy AS, the company has developed the Turkish market for Atlantic salmon. The company is continuously developing its sales to 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 administration looks forward to continued relations with our respected partner and the company's competent and committed managerial staff and organisation.

✱ PRIORITY TASKS

Lerøy Seafood Group's vision is to be the leading, most profitable Norwegian supplier of seafood. To achieve this, the company must continue to focus 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 risks. 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 effective 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, slaughtering, 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 competence in the fields of management, 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 in the continued development of the Group.

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

CORPORATE STRUCTURE 31.12.2009

LERØY SEAFOOD GROUP ASA

- **SALES & DISTRIBUTION**
  - HALLVARD LERØY AS 100%
  - LERØY SVERIGE AB 100%
  - SAS HALLVARD LERØY 100%
  - NORDVIK SA 90%
  - PORTNOR LDA 60%
  - LERØY SJØMATGRUPPEN**
- **PRODUCTION**
  - LERØY VEST AS 100%
  - LERØY MIDNOR AS 100%
  - LERØY HYDROTECH AS 100%
  - LERØY AURORA AS 100%
  - LERØY FOSSEN AS 100%
  - LERØY SMØGEN SEAFOOD AB 100%
  - SIGERFJORD AQUA AS 95.55%
  - BULANDET FISKEINDUSTRI AS 66.28%
- **AFFILIATED**
  - NORSKOTT HAVBRUK AS* 50%
  - ALFARM ALARKO LERØY 50%

** Salmon farming*
*** Division national distribution*

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

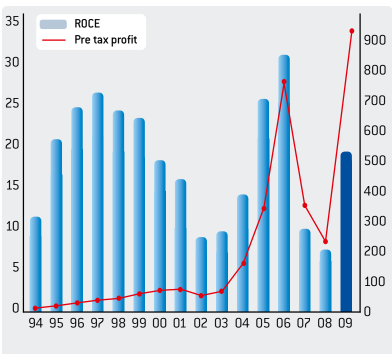
Board of Directors' report LSG ASA 2009

It was with deepest sorrow that we learned on 23 February 2010 that our former Chairman of the Board, Ole Rasmus Møgster, lost his battle against cancer. His burning interest for operations and management combined with his strategic abilities and long-term philosophies made Ole Rasmus Møgster a highly valued colleague. He will be deeply missed both as a colleague and as a friend.

FINANCIAL MATTERS

In 2009 Lerøy Seafood Group had operating revenues of NOK 7,474 million, an increase from NOK 6,057 million in 2008. The activity in the Group is satisfactory and gives the Group good opportunities for improvement of its position as a leading exporter of seafood. Profits before tax was NOK 987.3 million in 2009 compared with NOK 164.0 million in 2008. The Group's operating profit before adjustment for biomass value was NOK 950.2 million in 2009 against NOK 337.2 million in 2008. The Group achieved a final operating result of NOK 1,010.6 million in 2009 compared with NOK 300.8 million in 2008. The Group's operating margin was 13.5% in 2009 against 5.0% the previous year.

RETURN ON CAPITAL EMPLOYED AND EARNINGS BEFORE TAX AND BIOMASS ADJUSTMENT Figures in % and NOK million



The activity area Sale and Distribution has had a satisfactory activity level and showed a good development trend. The operating result in this activity area for 2009 was NOK 216.6 million against NOK 128.6 million in 2008.

The activity area Production had an operating profit before biomass value adjustment of NOK 755.5 million in 2009 against NOK 252.1 million in 2008. The share of profits contributed by affiliated companies was NOK 62.7 million in 2009 against NOK 13.7 million in 2008. The Group's net financial items in 2009 were minus NOK 86.1 million against minus NOK 150.5 million in 2008.

Both turnover and operating profit before adjustment for biomass value are by far the best Lerøy Seafood Group has ever achieved. It is the result of increased volume, lower feed costs, improved biological production and good prices for the Group's main products of Atlantic salmon and trout. In addition, the activity area Sale and Distribution has had an exceptionally good development in 2009. The Board wants to praise the Group's employees for their contribution and for their understanding of the need for a profit-oriented operating philosophy and adaptability on all levels. The Board of Directors is certain that the organisation continue its good development with Henning Beltestad as new CEO.
The Group's profit trend shows that the organisation's goal-oriented work is bearing fruit, and even if we still find differences between the units in the Production activity area, it is satisfactory to see a positive development. The Group has experienced declining production costs in 2009 and we believe that this trend will continue. One of the Group's goals is to reduce the considerable cost differences that have developed between geographical regions in recent years. For this reason, the Board of Directors will appreciate the organisation's will, patience,capacity and motivation to work for an operating result that will first materialise in one or two years from now. The Board's confidence is supported by the improved production in 2009 (including healthier fish) and production costs are expected to decrease further in the foreseeable future.

The final result in the 2009 corresponds to a result per share of NOK 13.62 against NOK 2.33 per share in 2008. The Board will recommend to the company's ordinary meeting of shareholders that dividends for 2009 are set at NOK 7.0 per share. The return on the Group's capital employed in 2009 was 18.5% against 5.5% in 2008. The Group is financially sound with book equity of NOK 4,300 million, which corresponds to an equity ratio of 51.8%. At the end of 2009 the company had 53,577,368 shares outstanding. The Group's net interest bearing debt at the end of 2009 was NOK 1,443 million against NOK 2,126 million per 31.12.08.
On 9 June 2009 dividends of NOK 2.80 per share were paid out corresponding to a total value of NOK 150 million.
The Group's balance sheet value is NOK 8,307 million per 31.12.09 against NOK 7,782 million per 31.12.08. The increase in the Group's total balance sheet figure is a result of an increase in the Group's production of salmon and trout combined with a higher activity level and increased turnover.
The Group's financial position is good and will be used to ensure increased value generation through organic growth, new alliances and acquisitions.

The Group submits reports in accordance with International Financial Reporting Standards [IFRS].

Political trade barriers and operating environment

The future operating environment will sharpen the requirements to financial management, productivity, 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 contribute to the investment capacity needed for Norwegian aquaculture to maintain its 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 one of the world's leading producers of salmon and trout. The Group has consolidated its position as a principal actor in 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 has made it possible to give its customers a cost effective distribution of fresh seafood. The Group's focus on sale, 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.

ROCE BEFORE BIOMASS VALUE ADJUSTMENT (PERCENT)

The Board is of the view 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 will continuously assess potential investment and merger alternatives and alliances that can strengthen our platform for further profitable growth and lasting value generation. Lerøy Seafood Group will continue to grow and improve through regional development in a global perspective.

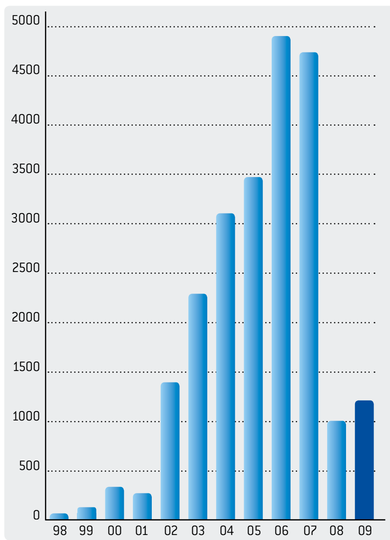
Seen against the background of the Group's many years of developing alliances, quality products, markets, brands and quality assurance, the Board feels that the outlook for generating increased value for the company's shareholders and the Group's important partners is good. In coming years, the Group will continue to work for long-term value generation by focusing on strategic commercial developments combined with improving 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 gives 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 per 31.12.09 the company had 1,207 shareholders against a total of 1,018 shareholders at the end of 2008.

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 five employees. Administratively, all personnel functions are handled by the wholly owned subsidiary Hallvard Lerøy AS. At the end of the year there were 1,563 employees in the Group including 491 women and 1,072 men, against a total of 1,425 at the same time in 2008. Of the Group's total number of employees, 1,216 work in Norway and 347 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.

NUMBER OF SHAREHOLDERS



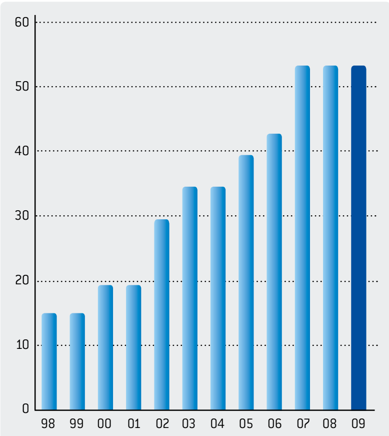
Furthermore, the Group ensures equal employment opportunity and rights regardless of national origin, ethnicity, colour, language, religion or personal philosophy. One of the company's goals is to provide a work place without discrimination because of reduced functional ability. For employees or work applicants with reduced functional abilities the company will arrange for individually adapted work tasks and environment.

The company is an actor in a global

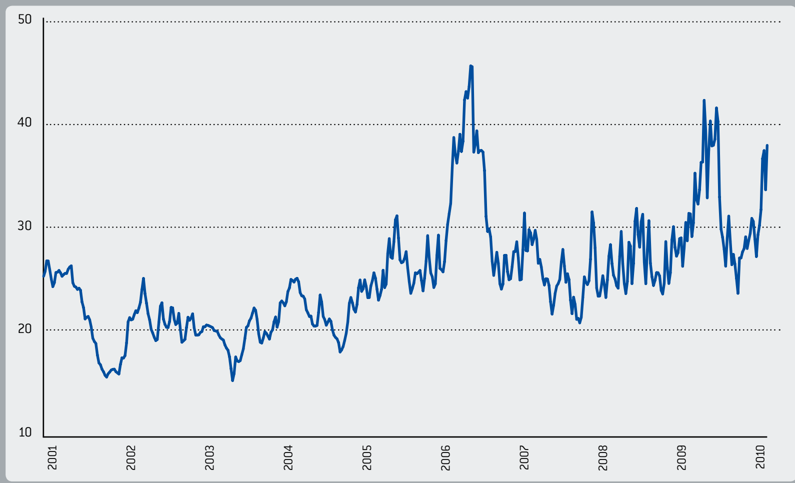
industry and the company's working environment changes continuously. This requires flexible employees that are willing to adapt and learn.
The Board wishes to express its appreciation of the contributions made by the Group's employees throughout 2009 and their focus on efficient operations to generate the annual result.

Health, safety and environment
Total time lost due to illness in the Norwegian subsidiaries amounted to 5.6% in 2009, a decrease from 6.3% in 2008. Time lost due to illness is distributed on 3.1% long-term absences and 2.5% short-term absences. 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 is good. Our affiliated company Scottish Seafarms Ltd experienced the most tragic accident in any company - two of our employees lost their lives during maintenance on a feed barge. The event has of course left its mark on the entire organisation and procedures are now

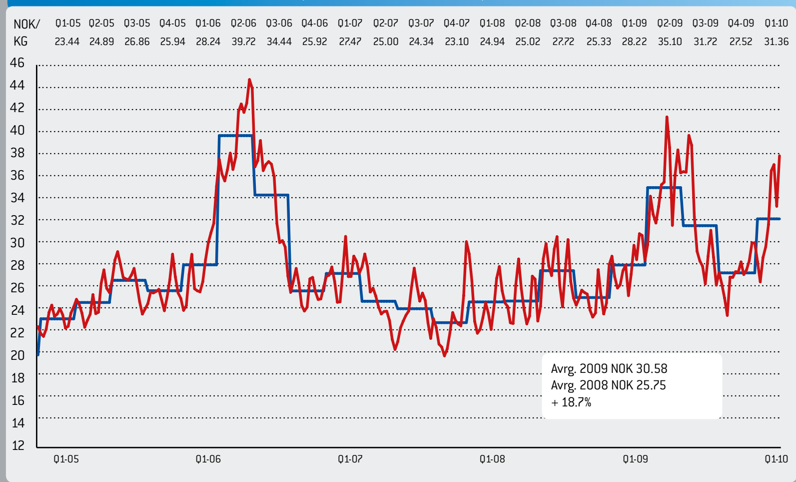
NUMBER OF SHARES In million



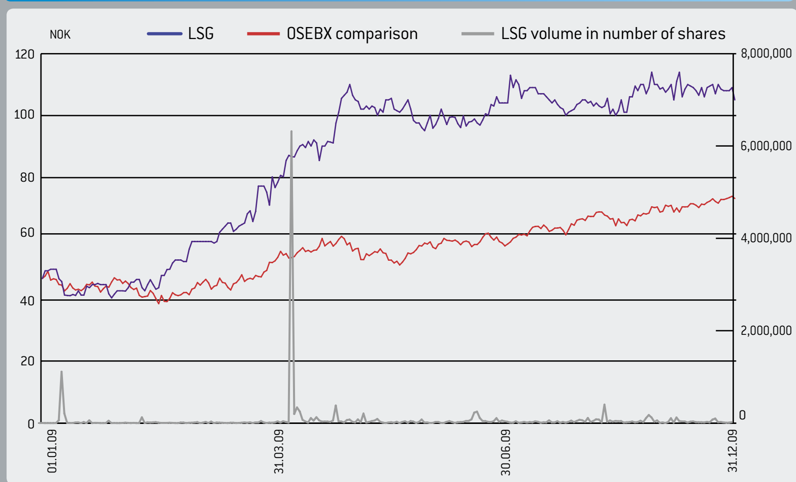
FRESH ATLANTIC SALMON NORWAY (4-5 KG)
PRICE DEVELOPMENT WEEK 1-2001 - WEEK 7-2010

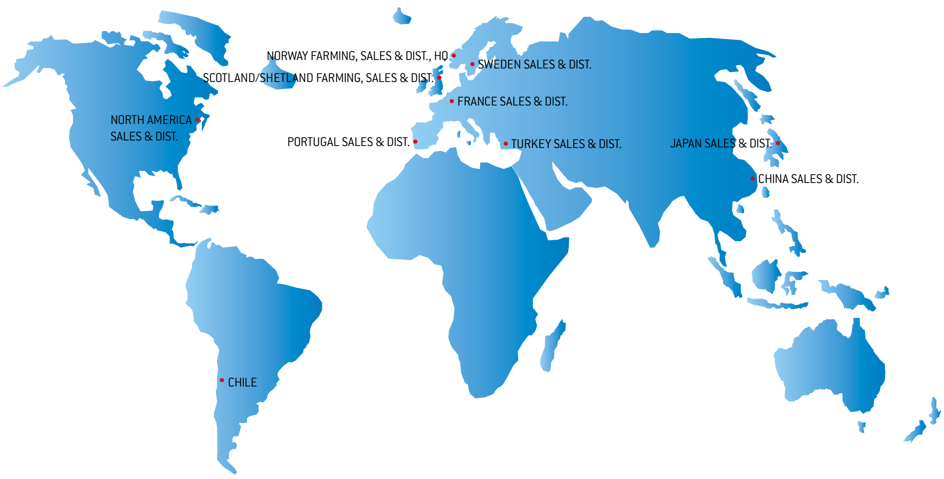


OSLO SALMON EXPORT FROM NORWAY AS OF WEEK 1-2005
FRESH ATLANTIC SALMON, CROSS-SECTION, FCA OSLO



LERØY SEAFOOD GROUP
AND OSEBX IN 2009





implemented to ensure that this cannot happen again. The Board wishes to express its sorrow and condolences to the bereaved.

External environment

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

Results and allocations in Lerøy Seafood Group ASA

In 2009 Lerøy Seafood Group ASA had a net result of NOK 471.6 million against a comparable result of NOK 109.3 million in 2008. Distributable equity at 31.12.09 amounted to NOK 276.0 million. The company's accounts are submitted on assumption of going concern.

The Board proposes the following allocation of the 2009 profits (NOK 1,000):

Dividend, NOK 7.0 per share	375,042
Transferred to other equity	96,522
Total allocation	471,564

The company is financially sound with an equity ratio of 73.5% and has satisfactory financing compatible with the Group's strategy and operational plans.

Market situation/future prospects

Expectations of improvement in international economy, including the demand for the Group's products, have in 2009 become more positive and significantly less marked by fear and uncertainty than in the beginning of the year. That said, the Board of Directors observes a stronger than normal uncertainty in the macroeconomic picture.

The demand for the Group's main products of Atlantic salmon and trout increased significantly in 2009. The increased demand, combined with anticipated further reductions in the global supply of Atlantic salmon in 2010 and limited capacity growth, give us reasons for continued optimism. This, plus expectations of enhanced productivity in the Group's operations (including biological improvements), gives the Board's positive view of the Group's development.

In line with its market strategy, in 2009 the Group exported a broad range of seafood products from Norway to a large number of countries, the most significant being France, Japan, Sweden and USA. While our efforts to expand distribution of fish in the Nordic countries still are giving less than anticipated returns, it is satisfying to observe a positive development that strengthens our own and our customers' position in this important seafood market.

The 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. As of this writing the Board expects a better Group performance in 2010 than in 2009.






Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2009 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole. We also confirm that the management report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Bergen, 7 April 2010

Helge Singelstad
Chairman

Fons Brusselmans

Arne Møgster

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employees' representative

Henning Beltestad
Chief Executive Officer
Lerøy Seafood Group

Income statement

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

LERØY SEFOOD GROUP CONSOLIDATED	Notes	2009	2008
OPERATING REVENUES AND COSTS			
Operating revenues	13	**7 473 807**	6 057 053
Cost of materials		**5 177 492**	4 455 703
Change in inventories		**-135 068**	-176 551
Salaries and other personnel costs	11/14	**690 477**	664 377
Other operating costs		**586 743**	579 295
EBITDA		**1 154 163**	534 229
Ordinary depreciation	2/3	**204 007**	197 023
Operating profit before biomass adjustment		**950 156**	337 206
Adjustment of biomass to fair value	7	**60 483**	-36 369
Operating profit		**1 010 639**	300 837
AFFILIATED UNITS AND NET FINANCIAL COSTS			
Income from affiliated companies	4	**62 744**	13 716
Net financial items	15	**-86 105**	-150 507
Profit before tax		**987 278**	164 046
Taxation	12	**-257 137**	-36 994
Annual profit		**730 141**	127 052
Majority interests		**729 488**	124 730
Minority interests		**653**	2 322
Earnings per share	**16**	**13.62**	2.33
Diluted earnings per share	16	**13.62**	2.33

Balance sheet

All figures in NOK 1 000

LERØY SEFOOD GROUP CONSOLIDATED	Notes	31.12.09	31.12.08
FIXED ASSETS			
Deferred tax asset	12	**4 461**	
Licenses, rights and goodwill	2	**2 959 611**	2 959 927
Buildings, real estate, operating accessories	3	**1 225 399**	1 294 818
Shares inn affiliated companies	4	**272 970**	277 455
Shares available for sale	4	**23 115**	23 161
Long-term receivables		**11 928**	6 743
TOTAL FIXED ASSETS		**4 497 484**	4 562 104
CURRENT ASSETS			
Biological assets	7	**1 858 562**	1 676 164
Other inventories	8	**236 311**	223 158
Accounts receivable	9	**876 127**	772 440
Other receivables	5/9	**130 734**	159 844
Cash and cash equivalents	6	**707 989**	388 486
TOTAL CURRENT ASSETS		**3 809 723**	3 220 092
TOTAL ASSETS		**8 307 207**	7 782 196

Balance sheet

All figures in NOK 1 000

LERØY SEFOOD GROUP CONSOLIDATED	Notes	31.12.09	31.12.08
EQUITY			
Share capital	20	**53 577**	53 577
Own shares		**-12 355**	-12 355
Share premium reserve		**2 601 390**	2 601 390
Total equity contributions		**2 642 612**	2 642 612
Other equity		**1 639 076**	1 101 073
Total earned equity		**1 639 076**	1 101 073
Minority interests		**18 568**	20 658
TOTAL EQUITY		**4 300 256**	3 764 343
LONG-TERM LIABILITIES			
Long-term interest-bearing debt	6/18	**1 504 707**	1 672 761
Other long-term tebt		**826**	4 150
Deferred tax	12	**834 877**	669 327
Pension liabilities	11	**14 990**	13 211
Total long-term liabilities		**2 355 400**	2 359 449
SHORT-TERM DEBT			
Accounts payable		**615 996**	544 757
Short-term loans	6	**646 105**	841 921
Public duties payable		**55 671**	49 014
Taxes payable	12	**93 551**	16 631
Other short-term liabilities	10	**240 228**	206 081
Total short-term liabilities		**1 651 551**	1 658 404
TOTAL EQUITY AND LIABILITIES		**8 307 207**	7 782 196

Bergen, 7 April 2010
Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Board chairman

Fons Brusselmans

Arne Møgster

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employees' representative

Henning Beltestad
Chief Executive Officer

Cash flow statement

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

LERØY SEFOOD GROUP CONSOLIDATED	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**987 278**	164 047
Taxes paid during the period	**-17 409**	-75 695
Profit/loss from sale of fixed assets	**-220**	-2 760
Ordinary depreciation	**204 007**	197 023
Change in value adjustment in biological assest	**-60 483**	36 369
Change in inventories/biological assets	**-135 067**	-176 551
Changes in accounts receivable	**-103 687**	-78 832
Changes in accounts payable	**71 239**	36 463
Change in other accruals	**59 452**	122 062
Change in net pension liabilities/premium fund	**2 073**	1 265
Profit impact affiliated company	**-62 744**	-13 716
Net cash flows from operating activities	**944 439**	209 675
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	**8 201**	11 985
Payments for acquisitions of fixed assets	**-151 960**	-344 829
Proceeds from sale of intangible assets		40 000
Payments for acquisitions of intangible assets	**-1 232**	-120 986
Proceeds from sale of shares in other businesses	**46**	3 622
Payments for acquisitions of shares in other businesses	**-1 765**	-2 515
Dividend payments received from affiliated companies	**46 372**	
Payments received from sale of Group companies	**2 000**	
Payments for acquisition of Group companies	**-3 625**	-38 367
Proceeds/payments on other loans (short and long-term)	**-5 479**	-5 593
Net cash flows from investing activities	**-107 442**	-456 683
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on short-term credits	**-237 150**	250 877
Proceeds from establishing new long-term debt	**93 954**	201 171
Payments on long-term debt	**-223 998**	-228 590
Equity contributions	**1 600**	
Proceeds/payments on sale/purchase of own shares		-25 974
Dividend payments	**-151 900**	-99 728
Net cash flows from financing activiites	**-517 494**	97 756
Net cash flows in the accounting period	**319 503**	-149 252
Cash and equivalents at start of period	**388 486**	537 738
Cash and equivalents at end of period	**707 989**	388 486
This consists of:		
Bank deposits, etc.	**707 989**	388 486
Of which restricted funds	**21 218**	17 538
Unused overdraft facilities	**546 209**	276 186

Comprehensive Income

All figures in NOK 1 000

2008 LERØY SEFOOD GROUP CONSOLIDATED	Share capital	Own shares	Premium reserve	Other equity	Minority interests	Total equity
The year's result to equity				124 730	2 322	127 052
Conversion differences, etc.				-19 118	2 892	-16 226
Comprehensive income 2008				**105 612**	**5 214**	**110 826**

2009 LERØY SEFOOD GROUP CONSOLIDATED	Share capital	Own shares	Premium reserve	Other equity	Minority 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**

Change in equity

All figures in NOK 1 000

LERØY SEFOOD GROUP CONSOLIDATED	Share capital	Own Shares	Premium reserve	Other equity	Minotity interests	Total equity
Equity per 01.01.08	**53 577**	**-8 687**	**2 601 390**	**1 111 733**	**20 830**	**3 778 843**
Comprehensive income 2008				105 612	5 214	110 826
Purchase of minority/new minority					-2 097	-2 097
Purchase/sale of own shares		-3 668		-22 306		-25 974
Dividend payments				-96 439	-3 289	-99 728
Impact of option programme				2 473		2 473
Equity per 31.12.08	**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
Purchase of minority/new minority				-192	-1 304	-1 496
Purchase/sale of own shares				643		643
Dividend payments				-150 147	-2 396	-152 543
Impact of option program				2 243		2 243
Equity per 31.12.09	**53 577**	**-12 355**	**2 601 390**	**1 639 076**	**18 568**	**4 300 256**

Own shares

Per 31.12.2009 the company held 229 776 of its own shares with an average capitalised price of NOK 53.77 per share.

Notes Lerøy Seafood Group consolidated 2009

This section presents accounting principles and notes for the concern Lerøy Seafood Group. Accounting principles and notes for Lerøy Seafood Group ASA (parent company) are presented separately following the notes for the concern. This separation is necessary in that the concern 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 2009 include the company and its subsidiaries (collectively referred to as «the Group») and the Group's share in affiliated companies (affiliates).

The annual accounts were submitted by the Board of Directors on 7 April 2010.

(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 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 real values: 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 the 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 accounts for the concern 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).

(C) PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are all units where the concern 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 concern, 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 01.01.2004 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), 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 Aqua AS (group) and the overseas subsidiaries Nordvik SA, SAS Fish Cut, SAS Eurosalmon, Inversiones Seafood Ltda, SAS Hallvard Lerøy (subsidiary of Hallvard Lerøy AS), Portnor Lda, Lerøy Sverige AB (group) and Lerøy Smøgen Seafood AB (group).

Inter-company transactions, claims and liabilities are eliminated.

Minority interests

Minority 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 minority share of the Group's equity capital is shown as a separate item under consolidated equity capital.

Affiliates
Affiliates are companies on which the Group has significant influence through a non-controlling interest of between 20% and 50% of voting equity. Jointly controlled enterprises 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 affiliates and jointly controlled enterprises 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 value premiums, are booked in the profit and loss statement and added to the capitalised value of the investment together with the respective share of changes in equity not booked in the income statement, such as dividend.

In the income statement, the Group's respective share of profit is shown in 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 affiliates and jointly controlled enterprises are changed whenever necessary to ensure consistency with the principles used in the concern (IFRS).

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

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

(E) SEGMENT REPORTING
The Group's primary business segments are "Sale & Distribution" and "Production". This segmentation is based on 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), Lerøy Fossen AS, Sigerfjord Aqua AS (group), SAS Fish Cut, SAS Eurosalmon, Inversiones Seafood Ltda, Bulandet Fiskeindustri AS og Lerøy Smøgen Seafood AB (group). "Sale & Distribution" consists of Hallvard Lerøy AS, Lerøy Sverige AB (group), Lerøy Alfheim AS, Portnor Lda, Nordvik SA, Lerøy & Strudshavn AS, SAS Hallvard Lerøy, Lerøy Quality Group AS, Lerøy Trondheim AS, Lerøy Delico AS (group), Lerøy Fisker'n AS og Lerøy Sjømatgruppen AS. Lerøy Seafood Group ASA is not allocated to any segment.

The Group's secondary segmentation is based on geographical distribution. The distribution reflects the Group's main geographical markets.

(F) FOREIGN 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 registered in the balance sheet with actual values at the time of contract and are subsequently adjusted to actual current values. The accounting of the associated losses and gains depends on whether the derivative is meant to be a hedging instrument and, if so, what type of hedging. The Group classifies derivatives as hedging of the fair value of a capitalised asset, liability or a binding commitment not booked (fair value hedging).

Fair value of derivatives used in hedging schemes are shown in note 5. Fair values of derivatives used for hedging 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. Agio/disagio are included in the item "Goods purchased".

(G) INTANGIBLE ASSETS
Goodwill
Goodwill represents the remaining 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 affiliates is included in the item "Shares in affiliated companies". Goodwill is not depreciated (after 01.01.2004), but is reviewed annually for any decline in value and booked in the balance sheet at cost price less accumulated impairment charges. Deferred tax in connection with licenses is charged against goodwill.

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

Licences
Licences are booked in the balance sheet at cost price less accumulated impairment charges. Licences are not depreciated, but are reviewed annually for any decline in value. Water licences granted for speci-

fied periods of time are amortised over the licence period. Water licences without time limits are not depreciated, but are reviewed annually for any decline in value.

(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.

Economic life of fixed assets are estimated as follows:

- Buildings and other real estate 20 - 25 years
- Machinery, furnishings, equipment, etc. 2.5 - 15 years
- Building sites Lasting 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 market price less estimated sales costs.

Biological assets (fish in sea) are assessed at real value based on the market prices of gutted salmon and trout on the balance sheet day. The prices are adjusted for quality differences (superior, ordinary and production) and for logistical costs. The volume is adjusted for gutting wastage. Valuation of fish in sea with an average weight under 4 kg is based on the same principles, but the price is adjusted for progress in the growth cycle. The price is not adjusted below cost price unless a loss is anticipated in future sales.

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

(J) INVENTORIES

Inventories of other bought or produced goods are valued at either acquisition cost or assumed sales value less sales costs, whichever is lowest. Home 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 and other receivables are booked in the balance sheet at face value less allocations for anticipated loss. Loss allocations are made on the basis of individual assessments of the various items. 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 debt. 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 day.

M) SHARES

Shares are booked at market value on the accounting day. Shares not anticipated to be sold within 12 months from the accounting 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 of the accounting day, are classified as current assets. Changes in the values of these shares are entered in the income statement.

(N) PENSIONS

The Group companies have different pension schemes, which in general are financed by payments to an insurance company or pension fund. The payments are determined by periodic actuarial calculations.
In the Group there are both contributory and performance based pension schemes. In a contributory pension scheme the Group pays fixed contribution 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 performance based pension scheme is one that is not contributory. A typical performance based 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 performance based schemes, is the present value of the defined benefits on the balance sheet date less real value of the pension assets as adjusted for not booked estimate deviations and not booked costs associated with pension benefits earned in earlier periods.

Pension commitments are calculated annually by an independent actuary according to the linear 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) TAXATION

Tax payable in the Income Statement includes both the tax payable during the period and changes in deferred tax. Deferred tax is calculated at a rate of 28% (or 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 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 01.01.04, the effect of deferred tax is charged against equity. For licenses acquired after 01.01.04, 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 real value when the loan is paid out, less transaction costs. In subsequent periods loans are booked at amortized 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 decided by the shareholders' meeting.

(R) SHARE BASED REMUNERATION

The Group has a share-based remuneration scheme with settlement in the form of shares. Actual value of services performed by employees for the Group to balance the allocated options, is entered as a cost. The total amount to be charged to cost over the earning period, is based on the market value of the 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 it is expected to require a flow of economic advantages 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. To the extent that 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 operates internationally and is exposed to currency risks in several currencies. The Group has entered into forward contracts and use withdrawals and deposits on multicurrency accounts as well, in order to hedge as far as possible the currency risks on customer receivables, executed sales contracts and on-going contract negotiations. Receivables, debt, deposits, forward contracts and sales contracts are booked at currency market rates on the balance sheet day. Care is taken that the net exposure associated with monetary assets and liabilities in foreign currency remain at an acceptable level by buying and selling foreign currency at daily exchange rates whenever necessary to handle 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 31.12.2009 is shown in note 5.

Interest risk

The Group's long-term debt is in the main based on agreements with floating interest rates and the Group is therefore exposed to fluctuations in the market rates. At present, there is only one company in the Group with with a fixed rent agreement.

Price risk

The Group's performance is to a large degree linked to the development of international prices for salmon and trout. To reduce the price risk, efforts are made to have a given portion of turnover on so-called "contract sale".

Liquidity risk

Fluctuating salmon prices constitue the largest risk element in liquity risk. However, liquidity is also influenced by fluctuations in slaughter and production volumes as well as by changes in the cost of feed, which is the most important item on the cost side. Feed prices are in turn influenced by the prices on marine raw materials and agricultural products.

Credit risk

In accordance with the Group's strategy for managing credit risk, customer receivables are in the main covered by credit insurance or other forms of surety.

Notes Lerøy Seafood Group consolidated 2009

NOTE 1 IMPORTANT ACCOUNTING ESTIMATES AND ASSESSMENTS

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

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

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

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 prices are adjusted for quality differences (superior, ordinary and production) and for logistical costs. The volume is adjusted for gutting wastage. Valuation of fish in sea with an average weight under 4 kg is based on the same principles, but the price is adjusted for progress in the growth cycle. The price is not adjusted below cost price unless a loss is anticipated in future sales.

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

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

A sensitivity analysis for the prices of Atlantic salmon and trout at 31.12.09, shows the following impact on the Group's operating result (NOK 1 000):

Price change -1 kr/kg	-42 327
Price change -2 kr/kg	-83 673
Price change -5 kr/kg	-202 051
Price change +1 kr/kg	45 195
Price change +2 kr/kg	91 858

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

2008	Goodwill	Licences/ rights	Total
Per 1 January 2008			
Acquisition costs	1 649 216	1 185 177	2 834 393
Accumulated impairment charges		-2 088	-2 088
Balance sheet value at 01.01.08	**1 649 216**	**1 183 089**	**2 832 305**
Accounting year 2008			
Balance sheet value at 01.01.08	1 649 216	1 183 089	2 832 305
Conversion differences	430	1 367	1 797
Acquisition of subsidiaries	18 656	28 063	46 719
Acquisition of intangible assets		120 986	120 986
Disposal of intangible assets		-40 000	-40 000
The year's impairment charges/depreciation		-1 880	-1 880
Balance sheet value at 31.12.08	**1 668 302**	**1 291 625**	**2 959 927**
Per 31 December 2008			
Acquisition cost	1 668 302	1 295 593	2 963 895
Accumulated impairment charges/depreciation		-3 968	-3 968
Balance sheet value at 31.12.08	**1 668 302**	**1 291 625**	**2 959 927**
Assets with unlimited useful life	1 668 302	1 235 046	2 903 348
Assets with limited useful life (water rights)		56 579	56 579
Balance sheet value at 31.12.08	**1 668 302**	**1 291 625**	**2 959 927**

2009	Goodwill	Licences/ rights	Total
Accounting year 2009			
Balance sheet value at 01.01.09	1 668 302	1 291 625	2 959 927
Conversion differences	-187	-1 247	-1 434
Acquisition of subsidiaries	2 545		2 545
Acquisition of intangible assets		1 232	1 232
Disposal of subsidiaries' subsidiaries	-1 026		-1 026
The year's impairment charges/depreciation		-1 633	-1 633
Balance sheet value at 31.12.09	**1 669 634**	**1 289 977**	**2 959 611**
Per 31 December 2009			
Acquisition cost	1 669 634	1 295 578	2 965 212
Accumulated depreciation/impairment charges		-5 601	-5 601
Balance sheet value at 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 at 31.12.09	**1 669 634**	**1 289 977**	**2 959 611**

Goodwill is associated with the last part of the purchase of the subsidiary Hallvard Lerøy AS in 1997, acquisition of Timar Seafood AS in 2000, phase 1 of the acquisition of Lerøy Sverige AB in 2001 and phase 2 in 2004, Sigerfjord Aqua AS, phase 1 of acquisition of Lerøy Smøgen Seafood AB in 2002 and phase 2 in 2003, acquisition of Lerøy Midnor AS in 2003 and acquisition of Portnor Lda (60%) in 2004. Goodwill accrued in 2005 pertains to the acquisitions of Lerøy Aurora AS, Lerøy Alfheim AS, Bulandet Fiskeindustri AS (53.2%) and the remaining 51% of SAS Fish Cut. Goodwill accrual in 2006 pertains to the acquisitions of Lerøy Fossen AS, Lerøy Delico AS (75%),

(Continued on next page)

Lerøy Fisker'n AS (70%), Lerøy Trondheim AS (60%) and the remaining 60.9% of Lerøy Hydrotech AS. Goodwill accrued in 2007 pertains to the acquisition of Veststar Holding AS (now Lerøy Vest AS), and some minor acquisitions of subsidiaries of subsidiaries. Accrual of goodwill in 2008 pertains to acquisitions of minority interests in several subsidiaries, including the purchase of 30% of the shares in SAS Hallvard Lerøy. Accrual of goodwill in 2009 pertains to purchase of the remaining 30% of Lerøy Fisker'n AS, while disposal has to do with sale of the company Ritz AS, a subsidiary's subsidiary.

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 purchases of Lerøy Vest AS (group) and Ramsøy Fiskeoppdrett AS (one licence) in 2007. In 2008 the number of licences increased by three, of which two licences are in Mid-Norway (Lerøy Midnor AS bought three licences and sold one), and one licence is in Northern Norway (bought by Berg Havbruk AS, merged into Lerøy Aurora AS). Accrual of licences in 2009 pertain to investments in Chile (Inversiones Seafood Ltda). Deferred taxes on licences charged against goodwill amount to a total of NOK 291 528.

The Group has 105 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 activity segment. A summary of goodwill allocations on the segment level is as follows:

	2009	2008
Production	1 610 188	1 610 214
Sale & Distribution	59 446	58 088
Total goodwill	**1 669 634**	**1 668 302**

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 2010 and on estimated values for the years 2011 to 2014. After 2014 a terminal value is calculated based on an estimated result for 2014. Real growth has not been considered when calculating the terminal value. WACC of 11.8% before tax has been used in the calculation.

The test did not give grounds for impairment charges in 2009.

LICENCES AND RIGHTS

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

	2009	2008
Production	1 289 977	1 291 625
Sale & Distribution		
Total licences and rights	**1 289 977**	**1 291 625**

Licences/rights are associated with production of salmon and trout in Norway, including young fish. Synergy effects are expected from a coordination of the Group's fish farming licences in Norway. As shown above, the test for impairment gave no grounds for impairment charges on goodwill in 2009, and therefore there is no basis for impairment charges on licences.

NOTE 3 TANGIBLE FIXED ASSETS

(All figures in NOK 1 000)

2008	Real estate	Buildings	Machines, furnishings, equip.,etc	Total
Per 1 January 2008				
Acquisition cost	15 090	467 387	1 079 434	1 561 911
Accumulated depreciation and write-downs		-81 010	-331 773	-412 783
Balance sheet value at 01.01.08	**15 090**	**386 377**	**747 661**	**1 149 128**
Accounting year 2008				
Balance sheet value at 01.01.08	15 090	386 377	747 661	1 149 128
Conversion differences	-103	3 446	2 248	5 591
Tangible fixed assets acquired	10	19 296	325 523	344 829
Tangible fixed assets sold		-2 961	-6 624	-9 585
The year's depreciation and write-downs		-24 148	-170 997	-195 145
Balance sheet value at 31.12.08	**14 997**	**382 010**	**897 811**	**1 294 818**
Per 31 December 2008				
Acquisition cost	14 997	483 142	1 394 146	1 892 285
Accumulated depreciation and write-downs		-101 132	-496 335	-597 467
Balance sheet value at 31.12.08	**14 997**	**382 010**	**897 811**	**1 294 818**

2009	Real estate	Buildings	Machines, furnishings, equip.,etc	Total
Accounting year 2009				
Balance sheet value at 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	
Tangible fixed assets acquired		12 735	139 225	151 960
Tangible fixed assets sold		-1 007	-6 974	-7 981
The year's depreciation and write-downs		-26 546	-175 827	-202 373
Balance sheet value at 31.12.09	**20 916**	**360 767**	**843 716**	**1 225 399**
Per 31 December 2009				
Acquisition cost	20 916	488 411	1 511 200	2 020 527
Accumulated depreciation and write-downs		-127 644	-667 484	-795 128
Balance sheet value 31.12.09	**20 916**	**360 767**	**843 716**	**1 225 399**

Notes Lerøy Seafood Group consolidated 2009

NOTE 4 SUBSIDIARIES, AFFILIATED 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 i Lerøy Seafood Group ASA's annual accounts.

Company	Location	Ownership / voting shares
Lerøy Hydrotech AS	Kristiansund	100 %
Lerøy Midnor AS	Hitra	100 %
Lerøy Fossen AS	Bergen	100 %
Lerøy Aurora AS	Tromsø	100 %
Lerøy Vest AS	Bergen	100 %
Hallvard Lerøy AS	Bergen	100 %
Lerøy Smøgen Seafood AB	Smøgen, Sweden	100 %
Lerøy Sverige AB	Gøteborg, Sweden	100 %
Lerøy Alfheim AS	Bergen	100 %
Lerøy Delico AS	Stavanger	75 %
Lerøy Trondheim AS	Trondheim	100 %
Lerøy Fisker'n AS	Oslo	100 %
Inversiones Seafood Ltda	Chile	100 %
Lerøy & Strudshavn AS	Bergen	100 %
Sigerfjord Aqua AS	Sigerfjord	95.55 %
Nordvik SA	Boulogne, France	90 %
Portnor Lda	Portugal	60 %
Sandvikstomt 1 AS	Bergen	100 %

In 2009 Lerøy Seafood Group ASA purchased minority interests of 30% in Lerøy Fisker'n AS for NOK 3 625.

Affiliated companies	Norskott Havbruk AS	Alfarm Alarko Lerøy	Others	Total value
Calculation of balance sheet value at 31.12.09				
Opening balance 01.01.09	254 185	16 896	6 374	277 455
Share of the year's result	56 928	4 008	1 808	62 744
The year's accrual/capital paid in		1 765		1 765
Dividend	-45 000	-1 372		-46 372
Currency impacts, etc.	-20 385	-3 457	1 220	-22 622
Closing balance per 31.12.09	**245 728**	**17 840**	**9 402**	**272 970**
Place of business	Bergen	Istanbul, Turkey		
Ownership/voting shares	50 %	50 %		
Acquisition cost	163 273	11 546		
Assets	1 159 203	46 680		
Liabilities	667 746	10 999		
Equity	491 457	35 680		
Turnover	922 079	113 548		
Annual result	113 856	8 016		

I 2005 the Group acquired 50% of the shares in Alfarm Alarko Lerøy in Turkey. There existed an agreement regarding unequal division of dividend, giving Lerøy Seafood Group ASA only 25% of ordinary dividend for the accounting years 2005, 2006, 2007 and 2008. The share of annual profit from Alfarm Alarko Lerøy was therefore only 25% of after-tax profits until 01.01.2009.

Accounting figures for affiliated 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 2009:

	100 %	50 %
Total fish in sea (LWT)	18 664	9 332
Value adjustment of biological assets	47 917	23 959
Cost price of biological assets	414 533	207 266
Balance sheet value of biological assets 31.12.2009	**462 450**	**231 225**

Value adjustment of biological assets	100 %	50 %
Value adjustment per 1.1.2009	47 418	23 709
Impact of adjustment on annual result	499	250
Value adjustment per 31.12.2009	**47 917**	**23 959**

Shares available for sale	Location	Ownership/ voting shares	Cost price	Fair value
AquaGen AS	Trondheim	2.52 %	1 000	21 558
Bulandet Eiendom AS	Bulandet	12.67 %	625	625
NOFI Oppdrettsservice AS	Skjervøy	15.00 %	375	375
Miscellaneous small shareholdings			557	557
Total shares available for sale			**2 557**	**23 115**

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 mill. The share value is regarded as unchanged in 2009. The entire value adjustment was booked against consolidated equity.

NOTE 5 FINANCIAL INSTRUMENTS

(All figures in NOK 1 000)

CURRENCY FUTURES

The table below shows the company's currency forward contracts as per 31.12.2009. They are for purchase or sale against NOK.

Currency	Currency amount	Average exchage rate	Amount in NOK	Est real NOK values currency futures 31.12.09
EURO	64 100	8.515	545 799	13 857
USD	60 340	5.738	346 249	-1 134
SEK	108 000	0.825	89 064	1 692
JPY	1 200 000	0.064	77 240	2 281
GBP	-800	9.326	-7 460	-30
AUD	700	5.266	3 686	54
SUM				**16 720**

The positions at 31.12.09 have an estimated net positive market value of NOK 16.7 mill. The currency forward contracts are booked at fair values and are classified as other short-term receivables as per 31.12.09.

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

INTEREST SWAP

One subsidiary has an interest swap agreement (NOK 20 000). This agreement is booked at fair value and losses or gains are booked in the income statement as they accrue. The interest swap runs until April 2010

(Continued on next page)

Notes Lerøy Seafood Group consolidated 2009

FINANCIAL INSTRUMENTS BY CATEGORY

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

Per 31.12.2008 - Assets	Claims and receivables	Assets at fair value over result	Derivatives used for hedging	Available for sale	Total
Shares available for sale				26 161	26 161
Customer and other receivables (ex. pre-payments and reimbursable public duties)	805 516	44 067			849 583
Cash and cash equivalents	388 486				388 486
Total	**1 194 002**	**44 067**	**0**	**26 161**	**1 264 230**

Per 31.12.2008 - Liabilities	Liabilities at fair value over result	Derivatives used for hedging	Financial liabilities at amortized cost	Total
Loans (ex. financial leasing)			2 411 546	2 411 546
Financial leasing			103 136	103 136
Trade payables and other debt, ex. statutory fees		68 517	686 471	754 988
Total	**0**	**68 517**	**3 201 153**	**3 269 670**

Per 31.12.2009 - Assets	Claims and receivables	Assets at fair value over result	Derivatives used for hedging	Available for sale	Total
Shares available for sale				23 115	23 115
Customer and other receivables (ex. pre-payments and reimburseable 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**

Per 31.12.2009 - Liabilities	Liabilities at fair value over result	Derivatives used for hedging	Financial liabilities at amortized cost	Total
Loans (ex. financial leasing)			2 042 823	2 042 823
Financial leasing			106 989	106 989
Trade payables and other debt, ex. statutory fees	27 869		829 181	857 050
Total	**27 869**	**0**	**2 978 993**	**3 006 862**

NOTE 6 LOANS, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2009	2008
Long-term interest-bearing debt		
Debt to credit institutions, etc.	1 656 502	1 787 075
Next year's instalments on long-term liabilities	-258 784	-217 450
Leasing liabilities (se note 18)	106 989	103 136
Total long-term interest-bearing debt 31.12	**1 504 707**	**1 672 761**
Short-term interest-bearing debt		
Debt to credit institutions (multi-currency credit)	387 321	624 471
Next year's instalments on long-term liabilities	258 784	217 450
Total short-term interest-bearing debt	**646 105**	**841 921**
Total interest-bearing debt 31.12	**2 150 812**	**2 514 682**
Bank deposits	707 989	388 486
Net interest-bearing debt 31.12	**1 442 823**	**2 126 196**
Loans secured by mortgages		
Long-term debt to credit institutions, etc.	1 656 502	1 787 075
Short-term debt to credit institutions (multi-currency credit)	387 321	624 471
Leasing liabilities	106 989	103 136
Total liabilities secured by mortgages 31.12	**2 150 812**	**2 514 682**
Mortgaged assets		
Customer and other receivables	350 001	339 353
Biological assets and other goods	1 991 961	1 828 662
Buildings and other fixed assets	1 073 126	1 193 587
Licences	887 772	889 388
Total	**4 302 860**	**4 250 990**
Long-term loans with maturities over 5 years		
Debt to credit institutions	565 892	764 363
Total	**565 892**	**764 363**

Interest-bearing debt specified by currency	2009	2008
NOK	2 134 983	2 495 411
SEK	15 298	18 136
EUR	531	1 135
Total	**2 150 812**	**2 514 682**

(Continued on next page)

Payment profile long-term interest-bearing debt	2010	2011	2012	2013	2014	After 2014	Total
Debt to credit institutions, etc.	236 567	226 284	214 567	216 818	213 659	548 607	1 656 502
Leasing liabilities	22 217	20 107	18 481	15 902	12 998	17 284	106 989
Total	**258 784**	**246 391**	**233 048**	**232 720**	**226 657**	**565 891**	**1 763 491**

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

Instalment profile loans
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 years revolving overdraft facility at NOK 60 000 that matures in its entirety in 2011. Such overdraft facilities are usually renewed. Lerøy Hydrotech AS established a loan at 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 corresponds to the unpaid balance at that time.

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

None of the Group companies have been in breach of their covenants in 2009.

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

An increase (reduction) in the interest level of 1% would have caused an increase (reduction) in interest costs of NOK 14 428 for 2009. Net interest-bearing debt per 31.12.2009 has been used as the base for this calculation.

NOTE 7 BIOLOGICAL ASSETS

(All figures in NOK 1 000)

	2009	2008
Biological assets 01.01	**1 676 164**	**1 494 133**
Increase due to added costs during the year	2 151 482	2 037 663
Reduction due to sale/harvesting	-2 029 567	-1 819 263
Change in value adjustment of biological assets (earnings impact)	60 483	-36 369
Biological assets 31.12	**1 858 562**	**1 676 164**

Value estimates of fish in sea are based on the market prices of gutted salmon and trout on the balance sheet day. The prices are adjusted for quality differences (superior, ordinary and production) and for logistical costs. The volume is adjusted for gutting wastage. Valuation of fish in sea with an average weight under 4 kg is based on the same principles, but the price is adjusted for progress in the growth cycle. The price is not adjusted below cost price unless a loss is anticipated in future sales. Other biological assets (roe, fry and smolt) are valued at cost price since little biological transformation has taken place (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). The volume of char is not included in the total volume of harvestable fish, but the inventory of char is included in the book value of capitalised biological assets. The balance sheet values of char were NOK 13 079 and NOK 16 060 in 2009 and 2008 respectively.

	2009	2008
Total fish in sea (LWT)	79 558	69 499
Harvestable fish (> 4kg LWT)	30 506	13 308
Value adjustment harvestable fish (> 4kg)	200 045	90 065
Value adjustment immature fish (< 4kg)	96 390	145 887
Total value adjustment of biological assets	296 435	235 952
Cost price of biological assets	1 562 127	1 440 212
Capitalised value of biological assets	**1 858 562**	**1 676 164**

As shown above, the change in inventory of biological assets is based on an internal cost of NOK 121 915 in 2009 (NOK 1 562 127 - NOK 1 440 212). In the P&L this increase is carried as a change in inventory.

Value adjustment of biological assets	2009	2008
Value adjustment at 01.01	235 952	272 322
The year's profit impact of value adjustment	60 483	-36 369
Value adjustment per 31.12	**296 435**	**235 952**

NOTE 8 OTHER INVENTORIES

(All figures in NOK 1 000)

	2009	2008
Raw materials	90 666	83 511
Semi-finished goods	772	
Finished goods	144 873	139 647
Total other inventories	**236 311**	**223 158**
Write-down of inventories (old stock)	1 764	5 571

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

NOTE 9 RECEIVABLES

(All figures in NOK 1 000)

Customer receivables	2009	2008
Face value	894 390	785 627
Provision for bad debts	-18 263	-13 187
Total customer receivables	**876 127**	**772 440**

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

Per mid February 2010 more than 92% of customer receivables are paid in.

(Continued on next page)

Customer receivables 31.12.2008	Overdue, no provision	Overdue, provision
0 to 3 months	188 897	7 550
3 to 6 months	1 825	1 158
Over 6 months	2 294	4 479
Total	**193 016**	**13 187**

Customer receivables 31.12.2009	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**

Other receivables	2009	2008
VAT to be refunded	84 191	71 978
Pre-payments	15 983	17 457
Currency futures and impacts of fair value hedging	16 720	44 067
Other	13 840	26 342
Total other receivables	**130 734**	**159 844**

NOTE 10 OTHER SHORT-TERM LIABILITIES

(All figures in NOK 1 000)

Other short-term liabilities	2009	2008
Accrued wages and holiday pay	83 763	80 598
Accrued costs	87 452	16 062
Currency futures and impacts of fair value hedging	27 869	68 517
Accrual of goods purchased	18 904	11 960
Accrued customer discounts	22 240	28 944
Total other short-term liabilities	**240 228**	**206 081**

NOTE 11 PENSIONS

(All figures in NOK 1 000)

All Group companies satisfy the requirements in the Compulsory Work Pension Act (Norwegian: OTP). The schemes are in the main established as contribution based pension schemes.

Some of the subsidiaries have Contractual Early Retirement schemes (Norwegian: AFP) for for their employees. These schemes cover 433 employees and 9 retirees at the end of 2009. The calculations below are mainly linked to the Contractual Early Retirement schemes in the subsidiaries, and include the Group's economic responsibilities in connection with these schemes. In addition, some of the Group companies have performance based schemes and some have unsecured schemes financed over the operation.

Additional information regarding pension costs can be found in note 14.

Capitalised pension liabilities (performance based schemes)	2009	2008
Present value of future pension liabilities	19 562	18 105
Actual value of pension assets	-5 471	-4 675
Effect of estimate deviations not charged against income	899	-219
Net pension liabilities	**14 990**	**13 211**
Net pension costs are determined as follows:		
Present value of the year's earned pensions	2 283	2 286
Interest costs on pension liabilities	796	742
Yield on pension assets	-315	-290
Profit impact of estimate deviations	18	-35
Employment tax contribution	253	297
Administration costs, etc.	102	115
Net pension costs (performance based schemes)	**3 137**	**3 115**
Change in capitalised liabilities		
Balance sheet value at 01.01.	13 211	12 012
Costs booked during the year (incl. transition to new scheme)	2 892	3 114
Pension payments and payments of pension premiums	-1 113	-1 915
Balance sheet value at 31.12. (performance based scheme)	**14 990**	**13 211**
Economic assumptions		
Anticipated yield on pension assets	5.6 %	5.8 %
Average discounting rate	4.4 %	3.8 %
G-regulation	4.3 %	3.8 %
Average wage increase (incl. career supplement)	4 - 5%	4 - 5%
Attrition	0 - 20%	0 - 20%
Utilisation percentage, Contractual Early Retirement Scheme	0 - 50%	0 - 50%

As regards demographic factors and attrition, the actuarial assumptions are based on generally accepted assumptions in the insurance industry.

Notes Lerøy Seafood Group consolidated 2009

NOTE 12 TAXATION

(All figures in NOK 1 000)

	2009	2008	2007
Tax payable	93 551	16 631	76 154
Change in deferred tax	163 586	20 363	13 108
Total tax cost	**257 137**	**36 994**	**89 262**

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:

	2009	2008	2007
Profit before tax	987 278	164 046	368 826
Tax based on tax rates in the various countries	276 438	42 840	103 525
Net permanent differences, etc. (28%)	-1 733	-2 006	-4 320
Share of profit in affiliated company (28%)	-17 568	-3 840	-9 943
Tax cost	**257 137**	**36 994**	**89 262**
Effective tax rate	26.0 %	22.6 %	24.2 %

Change in book value of deferred tax	2009	2008	2007
Balance sheet value at 01.01	669 327	643 529	451 172
Currency conversion and other charges against equity	-2 496	235	464
Acquisitions, etc.		5 200	178 785
Booked as income in the period	163 586	20 363	13 108
Balance sheet value at 31.12	**830 417**	**669 327**	**643 529**
Capitalised deferred tax asset *)	-4 461		
Capitalised deferred tax	834 877	669 327	643 529

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

Positive temporary differences	Operating assets	Licences and rights	Goods and biol. assets	Other differences	Total
01.01.2008	11 264	297 373	414 145	-5 178	717 604
Booked as income in the period	7 633	2 051	53 384	-1 935	61 133
Currency conversion and other charges against equity	235				235
Acquisitions, etc.		5 200			5 200
31.12.08	**19 132**	**304 624**	**467 529**	**-7 113**	**784 172**
Booked as income in the period	10 398	-2 432	53 132	8 375	69 472
Currency conversion and other charges against equity	-2 496				-2 496
31.12.09	**27 034**	**302 192**	**520 661**	**1 262**	**851 148**

Negative temporary differences	Receivables	Pensions	Loss carried forward*	Total
01.01.2008	-1 760	-2 242	-70 074	-74 076
Booked as income in the period	-7 689	-1 490	-31 591	-40 770
31.12.08	**-9 449**	**-3 732**	**-101 665**	**-114 846**
Booked as income in the period	859	2 077	91 178	94 114
31.12.09	**-8 590**	**-1 655**	**-10 487**	**-20 732**

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

	31.12.09	31.12.08
28% of positive temporary differences 31.12.	851 148	784 172
28% of negative temporary differences 31.12.	-20 732	-114 846
Net	**830 416**	**669 327**
Short-term tax positions	512 071	458 080
Long-term tax positions	318 345	211 247
Total	**830 416**	**669 327**

NOTE 13 OPERATING REVENUES/SEGMENT INFORMATION

(All figures in NOK 1 000)

Operating revenues	2009	2008
Sale of goods and services	7 454 285	6 047 773
Damages received	12 503	2 479
Income on leases	2 385	2 141
Gain/loss from sale of fixed assets	220	2 760
Other operating revenues	4 414	1 940
Total operating revenues	**7 473 807**	**6 057 093**

Activity segments

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

2008	S&D	Prod.	Elimination/ unallocated	Group
External operating revenues	5 784 149	271 074	1 830	6 057 053
Internal operating revenues	143 612	2 601 012	-2 744 624	0
Total operating revenues	5 927 761	2 872 086	-2 742 794	6 057 053
Operating costs	5 799 170	2 620 021	-2 699 344	5 719 847
Operating profit before value adj. biol. assets	**128 591**	**252 065**	**-43 450**	**337 206**
Value adjustment of biological assets		-36 369		-36 369
Operating profit	**128 591**	**215 696**	**-43 450**	**300 837**
Profit from subsidiaries/affiliates	1 547	12 169		13 716
Net financial items	3 126	-142 922	-10 711	-150 507
Profit before tax	**133 264**	**84 943**	**-54 161**	**164 046**
Tax cost				-36 994
The year's profit				127 052
Assets (excluding affiliates)	1 217 503	6 351 384	-64 146	7 504 741
Affiliated companies	19 396	258 059		277 455
Total assets	**1 236 899**	**6 609 443**	**-64 146**	**7 782 196**
Total liabilities	844 142	3 173 432	279	4 017 853
Investments	17 636	325 389	1 804	344 829
Depreciation	11 695	184 152	1 176	197 023

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Notes Lerøy Seafood Group consolidated 2009

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	7 473 808
Operating costs	7 144 750	2 973 659	-3 594 758	6 523 652
Operating profit before value adj. biol. assets	**216 597**	**755 487**	**-21 928**	**950 156**
Value adjustment of biological assets		60 483		60 483
Operating profit	**216 597**	**815 970**	**-21 928**	**1 010 639**
Profit from subsidiaries/affiliates	4 008	58 736		62 744
Net financial items	-409	-96 600	10 904	-86 105
Profit before tax	**220 196**	**778 106**	**-11 024**	**987 278**
Tax cost				-257 137
The year's result				730 142
Assets (excluding affiliates)	1 454 919	6 871 991	-292 673	8 034 237
Affiliated 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

Product area	2009	%	2008	%
Whole salmon	3 608 994	48.3	2 855 502	47.1
Processed salmon	1 985 338	26.6	1 313 546	21.7
Whitefish	666 743	8.9	617 963	10.2
Trout	470 102	6.3	477 520	7.9
Shellfish	324 675	4.3	362 970	6.0
Pelagic	157 492	2.1	106 268	1.8
Other	260 463	3.5	323 284	5.3
Total operating revenues	**7 473 807**	**100.0**	**6 057 053**	**100.0**

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

Operating revenues	2009	%	2008	%
EU	4 172 906	55.8	3 524 081	58.2
Norway	1 257 289	16.8	1 028 843	17.0
Asia	856 315	11.5	672 039	11.1
Rest of Europe	495 966	6.6	430 798	7.1
USA & Canada	558 511	7.5	296 910	4.9
Other	132 820	1.8	104 382	1.7
Total operating revenues	**7 473 807**	**100.0**	**6 057 053**	**100.0**

Assets	2009	%	2008	%
Norway *	7 901 267	95.1	7 321 169	94.1
EU	388 992	4.7	447 975	5.8
Other countries	16 948	0.2	13 052	0.2
Total assets	**8 307 207**	**100.0**	**7 782 196**	**100.0**

* Most of the customer receivables in the subsidiary Hallvard Lerøy AS (NOK 655 mill per 31.12.2009) are from customers abroad. Customer receivables are covered by credit insurance or other forms of surety.

Investments	2009	%	2008	%
Norway	144 824	95.3	328 840	95.4
EU	7 078	4.7	14 909	4.3
Other countries	58	0.0	1 080	0.3
Total investments	**151 960**	**100.0**	**344 829**	**100.0**

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

(All figures in NOK 1 000)

Payroll costs	2009	2008
Salaries	577 804	549 012
Employer's contribution	66 257	74 311
Pension costs [1]	21 180	19 222
Option costs	2 243	2 473
Other personnel-related costs	22 993	19 359
Total	**690 477**	**664 377**

[1] Total performance based scheme (see note 11) and contribution based scheme. The cost of the contribution based scheme amounts to NOK 18 043.

At year's end the Group had 1 563 employees with 491 women and 1 072 men against a total of 1 425 in 2008. Average number of man-years in the Group in 2009 was 1 342.

	New Group CEO [1]		Former Group CEO		EVP Market [2]		CFO [3]	
Remuneration of Group officers	2009	2008	2009	2008	2009	2008	2009	2008
Salaries	223		2 529	2 850	1 511	51	1 504	1 049
Bonus including extraordinary bonus			2 200		1 200			
Options exercised during the year [5]								
Other remunerations	2		38	2	63	3	24	27

[1] New Group CEO started 01.12.2009 (former EVP farming)
[2] EVP Market started 19.12.2008.
[3] CFO started 01.03.2008.
[4] EVP Farming started as Group CEO 01.12.2009.
[5] Reflects reported wages. This will deviate from accounting figures for option costs. Option costs follow the option pricing model (see below).

	EVP Farming [4]		Former EVP Market	
Remuneration of Group officers	2009	2008	2009	2008
Salaries	2 453	1 669		1 509
Bonus including extraordinary bonus		1 500		1 200
Options exercised during the year [1]		945		4 732
Other remunerations	26	33		197

[1] Reflects reported wages. This will deviate from accounting figures for option costs. Option costs follow the option pricing model (see below).

Former Group CEO resigned his position 01.12.2009, while he started in his position 19.11.2008. The year 2008 also includes salary payments to the Group CEO who resigned his position 18.11.2008. His termination pay was NOK 5 000 and comes in addition to ordinary salary in the table. Former EVP Market resigned 18.11.2008. His termination pay was NOK 7 400 and comes in addition to ordinary salary in the table.

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Compensation to the Chairman of the Board was NOK 300 in 2009, the same as in 2008. Compensation paid to other Board Members was NOK 750 in 2009 against NOK 769 in 2008. Compensation to the election committee was NOK 75 in 2009 against NOK 0 in 2008.

The Board's compensation is not performance based. The CEO and the board members have no share options. The Board's total compensation is shown above. The Group's development is closely linked to its ability to recruit and retain leading personnel and the Group employs various models for remuneration of management personnel at competitive terms. Such compensation may vary over time both in respect of level and form of payment. In addition to the annual salary, the Group uses a performance based bonus not exceeding the respective annual wage, lump sum 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, the Board by its chairman has until now handled all practical matters in respect of agreements with the Group's chief executive and assistant chief executive. The compensation is reviewed annually, but is assessed over several years in order to secure continuity. The Board limits the use of so-called termination payments, but it has been practiced in a few cases and then limited to two years' salary. Termination payments may at times be a good alternative for all parties involved.

Authorities granted to the Board of Directors
Authorities are granted to the board of directors in accordance with the Public Limited Companies Act [Norway], cp. in particular chapters nine and ten of the Act.

The Board was first authorised to acquire the company's own shares by the ordinary shareholders' meeting on 12.05.2000. This authority was latest renewed by the ordinary shareholders meeting on 26.05.2009 and will remain valid for 18 months from the authorisation date. An extension of the authority will be recommended to the ordinary shareholders' meeting on 26.05.2010. The company did not buy or sell any of its own shares in 2009. Per 31.12.2009 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 conjunction with the company's established option programme, see below. This type of authority was first established by the extraordinary Shareholders' Meeting on 10.12.97 and was most recently renewed by the ordinary Shareholders' Meeting on 26.05.09. This authority is valid for two years from the time of approval. An extension of the authority will be recommended to the Shareholders' Meeting on 26.05.10. The authority has not been exercised.

The Board had 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 granted by the ordinary Shareholders' Meeting of 04.05.99 and subsequently renewed by the ordinary Shareholders' Meeting on 26.05.09. The Board did not exercise this authority in 2009. It will be recommended that an equivalent authority be approved by the ordinary Shareholders' Meeting on 26.05.10.

The Board's powers to distribute shares are set at maximum time, not only for operational reasons, but also in order to clearly show that the company is growth oriented and that shares are regarded as an important means of payment. This practice is established to ensure an optimum strategic business development for the company. In addition, 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 development of the Group.

On 23.02.05 the Board approved an option programme with 600 000 options with an exercise price of NOK 40 per option which later was allocated. 1/3 of the options could be exercised in May 2007, while 2/3 of the options could be exercised in May 2008. On 31.12.08 all these options had been exercised or had lapsed/expired. Exercised options were redeemed with own shares.

In its meeting on 20.06.06 the Board decided to allocate a new option programme of up to 700 000 options with a price of NOK 125 per option. The options were fully allocated on 29.02.08.

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

Exercise price per share option (NOK)	Estab-lished	Options 31.12.2009	Options lapsed/ expired 2009	Opt. excersised in 2008	Options 31.12.2008
40.0	2005			321 333	
125.0	2008	390 667	213 333		604 000
		390 667	**213 333**	**321 333**	**604 000**

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 to and including 01.06.09, 1/3 to and including 01.06.10 and 1/3 to and including 01.06.11.

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 over 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 2 243 in 2009 against NOK 2 473 in 2008.

Loans to employees
As per 31.12.2009 loans to the Group CEO amounted to NOK 348. No loans have been given to the Board Chairman or other 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:

	2009	2008
Auditing fees Group auditor	2 966	2 389
Auditing fees other auditors	600	775
Tax advice Group auditor	110	164
Tax advice other auditors	5	16
Other certification services Group auditor	71	28
Other services Group auditor	768	649
Other services other auditors	183	200
Total	**4 703**	**4 221**

NOTE 15 ITEMS THAT ARE COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	2009	2008
Other interest revenues	13 182	32 664
Other financial revenues	1 761	5 537
Total financial revenues	**14 943**	**38 201**

Financial costs	2009	2008
Other interest costs	95 455	186 245
Other financial costs	5 593	2 463
Total financial costs	**101 048**	**188 708**

Net financial items	**-86 105**	**-150 507**

Notes Lerøy Seafood Group consolidated 2009

NOTE 16 EARNINGS PER SHARE

(All figures in NOK 1 000)

	2009	2008
This year's earnings (majority share)	729 488	124 730
No. of shares on the balance sheet date (thousands)	53 577	53 577
Average number of shares (thousands)	53 577	53 577
Adjustment for effects of share options		
Average number of shares with dilution (thousands)	53 577	53 577
Earnings per share	**13.62**	**2.33**
Diluted earnings per share	13.62	2.33

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

NOTE 17 DIVIDEND PER SHARE

(All figures in NOK 1 000)

Distributed dividend for the year 2008 was NOK 150 017 (NOK 2.80 per share). Recommended dividend distribution for the accounting year 2009 is NOK 375 042 (NOK 7.0 per share). A final decision will be made by the ordinary shareholders' meeting on 26 May 2010.

NOTE 18 LEASING

(All figures in NOK 1 000)

Leased assets booked in the consolidated accounts as financial leasing:	2009	2008
Book value of leased assets (machines/furnishings)	123 210	119 883
Book value of leasing liabilities (present value)	106 989	103 136
Minimum rent, financial leasing:		
0-1 year	28 055	23 394
1-5 years	81 549	80 555
5 years -	18 217	29 909
Total	**127 821**	**133 858**
Interest costs, financial leasing:		
0-1 year	5 368	7 152
1-5 years	14 531	21 007
5 years -	933	2 563
Total	**20 832**	**30 722**
Present value of future minimum rent:		
0-1 year	22 687	16 242
1-5 years	67 018	59 548
5 years -	17 284	27 346
Total	**106 989**	**103 136**

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 (63.73% ownership). Sales to the Austevoll Seafood Group amounted to NOK 66 282 in 2009, while purchases amounted to NOK 156 322. Claims on companies in the Austevoll Group per 31.12.2009 amounted to NOK 7 930, while liabilities were NOK 13 821.

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

Transactions and accounts outstanding with Norskott Havbruk (group) for 2009 are as follows (all figures in NOK 1 000):

	2009	2008
Sales to Norskott Havbruk		
Purchases from Norskott Havbruk	288 285	144 809
Net capitalised receivables/liabilities at 31.12	-39 433	-24 925

NOTE 20 SHARE CAPITAL AND SHAREHOLDER INFORMATION

(All figures in NOK 1 000)

The share capital consists of	Number	Face value	Book value
Ordinary shares	53 577 368	1.00	53 577 368
Total	**53 577 368**		**53 577 368**

Lerøy Seafood Group ASA had 1 207 shareholders at 31.12.09. All shares confer the same rights in the company.

Overview of the 20 largest shareholders at 31.12.09:	No. of shares	Ownership
AUSTEVOLL SEAFOOD ASA	34 144 281	63.73 %
PARETO AKSJE NORGE	2 922 200	5.45 %
PARETO AKTIV	1 492 300	2.79 %
ODIN NORGE	819 600	1.53 %
AWILCO INVEST AS	810 000	1.51 %
FOLKETRYGDFONDET	703 400	1.31 %
KVERVA AS	627 526	1.17 %
CITIBANK N.A. NEW YORK BRANCH	467 600	0.87 %
VARMA MUTUAL PENSION INSURANCE	456 400	0.85 %
PARETO VERDI	396 500	0.74 %
STATE STREET BANK AND TRUST CO.	286 678	0.54 %
PROFOND AS	265 800	0.50 %
FORSVARETS PERSONELLSERVICE	247 300	0.46 %
LERØY SEAFOOD GROUP ASA	229 776	0.43 %
PENSJONSKASSEN STATOILHYDRO	225 381	0.42 %
STOREBRAND VERDI	210 800	0.39 %
VELU AS	207 300	0.39 %
DNB NOR NORGE SELEKTV (III)	201 058	0.38 %
ALFRED BERG GAMBAK	191 550	0.36 %
RBC DEXIA INVESTOR SERVICES BANK	184 492	0.34 %
Total 20 largest shareholders	**45 089 942**	**84.16 %**
Others	8 487 426	15.84 %
Total	**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. The board members Arne Møgster and Britt Kathrine Drivenes have also bought shares in Austevoll Seafood ASA and therefore they indirectly own shares in Lerøy Seafood Group ASA. Board member Fons Brusselmans and related parties own 3 800 shares.
Board member (employees' representative) Hans Petter Vestre owns 120 shares.

Income statement

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

LERØY SEAFOOD GROUP ASA	Noter	2009	2008
OPERATING REVENUES AND COSTS			
Operating revenues		**186**	1 829
Wages and other personnel costs	7	**16 868**	33 656
Other operating costs		**6 270**	11 445
Ordinary depreciation	2	**840**	840
Total operating costs		**23 978**	45 941
Operating profit		**-23 792**	-44 112
SUBSIDIARIES, AFFILIATES AND NET FINANCIAL ITEMS			
Income from investments in subsidiaries	5	**646 685**	121 977
Income from affiliated companies	5	**6 454**	45 000
Net financial items	8	**10 904**	-12 417
Profit before tax		**640 251**	110 448
Total tax cost	6	**-168 687**	-1 128
THE YEAR'S PROFIT		**471 564**	109 320
Information regarding:			
Allocated to other equity		**96 522**	-40 697
Allocated to dividend		**375 042**	150 017

Balance sheet

Alle tall i NOK 1.000

LERØY SEAFOOD GROUP ASA	Notes	31.12.09	31.12.08
FIXED ASSETS			
Deferred tax asset	6	**829**	755
Total intangible fixed assets		**829**	755
Buildings and real estate	2	**18 315**	16 729
Total tangible fixed assets		**18 315**	16 729
Shares available for sale	3	**37**	37
Shares in subsidiaries	3	**2 864 952**	2 642 928
Shares in affiliated companies	3	**174 819**	173 054
Other long-term receivables		**8 419**	4 701
Long-term Group receivables	5	**27 123**	254 753
Total financial fixed assets		**3 075 350**	3 075 473
TOTAL FIXED ASSETS		**3 094 494**	3 092 957
CURRENT ASSETS			
Customer receivables		**819**	284
Receivables from Group companies and affiliates	5	**631 270**	201 099
Other receivables			770
Cash and cash equivalents	4	**244 120**	209 032
TOTAL CURRENT ASSETS		**876 209**	411 185
TOTAL ASSETS		**3 970 703**	3 504 142

Balance sheet

Alle tall i NOK 1.000

LERØY SEAFOOD GROUP ASA	Notes	31.12.09	31.12.08
EQUITY			
Share capital	1	**53 577**	53 577
Own shares	1	**-12 355**	-12 355
Share premium reserve	1	**2 601 390**	2 601 390
Total equity contributions		**2 642 612**	2 642 612
Other equity	1	**276 837**	121 428
Total earned equity		**276 837**	121 428
TOTAL EQUITY		**2 919 449**	2 764 040
LIABILITIES			
Mortgage debt	4	**468 356**	576 481
Total other long-term debt		**468 356**	576 481
SHORT-TERM LIABILITIES			
Accounts payable		**707**	39
Accounts payable, Group and affiliated companies	5	**119 892**	905
Taxes payable	6	**83 730**	390
Public duties payable		**1 283**	10 047
Allocated to dividend		**375 042**	150 017
Other short-term liabilities		**2 244**	2 223
Total short-term liabilities		**582 898**	163 621
TOTAL EQUITY AND LIABILITIES		**3 970 703**	3 504 142

Bergen, 7 April 2010
The Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Chairman

Fons Brusselmans

Arne Møgster

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employees' representative

Henning Beltestad
Chief Executive Officer

Cash flow statement

Alle tall i NOK 1.000 (periode 1.1 - 31.12)

LERØY SEAFOOD GROUP ASA	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	640 251	110 448
Taxes paid for the period	-51	-38 329
Ordinary depreciation	840	840
Change in customer receivables	-535	1 161
Change in accounts payable	668	-26
Change in other accruals	-648	9 315
Income from investments in subsidiaries and affiliates	-653 139	-162 218
Net cash flow from operating activities	-12 614	-78 809
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets		18
Payments for acquisitions of fixed assets	-2 426	-1 804
Proceeds from sale of shares and interests in other companies		2 166
Dividend received from affiliates	46 372	
Group contributions and dividend from subsidiaries	136 167	308 829
Payments for acquisitions of Group companies/affiliates	-5 390	-4 088
Payments made/received on Group balances (short and long-term)	127 630	-41 855
Payments made/received on other balances (short and long-term)	-3 718	-4 701
Increase in cash on hand from merger	8 845	
Net cash flow from investing activities	307 480	258 565
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments made/received on short-term Group debt	-2 280	-15 313
Payments made for reduction of long-term debt	-108 125	-108 125
Received/paid from sale/purchase of own shares		-26 046
Dividend payments	-149 373	-96 439
Net cash flow from financing activities	-259 778	-245 923
Net cash flow for the period	35 088	-66 167
Cash and cash equivalents at start of the period	209 032	275 199
Cash and cash equivalents at the end of the period	244 120	209 032
This consists of:		
Bank deposits, etc.	244 120	209 032
Of which restricted funds	639	7 057

Noter Lerøy Seafood Group ASA 2009

(A) COMMENTS ON ACCOUNTING PRINCIPLES
The annual accounts are drawn up in accordance with the Accounting Act of 1998 and good accounting practice. All figures are in NOK 1 000.

(B) OPERATING REVENUES
Operating 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 the operating revenues.

(C) CLASSIFICATION AND ASSESSMENT OF BALANCE SHEET ITEMS
Current assets and short-term liabilities are items due for payment within one year of the accounting date, as well as items related to the production cycle. Other items are classified as fixed assets or long-term liabilities.

Current assets are valued at the lower of acquisition costs and fair value. Short-term liabilities are entered in the balance sheet at their nominal value at the time of establishment.

Fixed assets are valued at acquisition cost, but are written down to real value if a decline in value is not considered to be temporary. Long-term liabilities are booked in the balance sheet at their nominal value at the time of establishment.

(D) ACCOUNTS RECEIVABLE
Customer and other receivables are booked in the balance sheet at face value less provisions for anticipated losses. Provisions for bad debt are based on separate assessments of individual accounts.

(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 accounting 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 investment is written down to real value if a decline in value is not considered to be temporary. Dividends and other distributions from the companies are booked as other financial revenues.

(G) AFFILIATED COMPANY
Affiliates 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 affiliate is valued according to the cost method.

(H) TANGIBLE FIXED ASSETS
Tangible fixed assets are booked at acquisition cost less accumulated depreciation. The depreciation is distributed linearly over assumed economic life. Similar principles apply to intangible assets

(I) TAXATION
Tax cost in the income statement includes both the tax payable for the period and changes in deferred tax. Deferred tax is calculated at a rate of 28% on the basis of the temporary differences that exist between accounting and taxable values, as well as the assessed deficit to be carried forward at the end of the financial year. Temporary tax-increasing and tax-decreasing differences which reverse or may reverse the figures in the same period, have been combined 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. Fair value of the return services the Group receives from employees for the allocated options, are booked as a cost. The total amount to be booked for the accrual period is based on the fair value of allocated options at the time of allocation (Black & Scholes/Hull&White). Fair value of options is included in LSG ASA accounts from 01.01.06

NOTE 1 EQUITY

(All figures in NOK 1 000)

2008	Share capital	Own shares	Premium reserve	Other equity	Total equity
Equity at 01.01.08	53 577	-8 687	2 601 390	182 029	2 828 309
The year's profit to equity				-40 697	-40 697
Purchase/sale of own shares		-3 668		-22 378	-26 046
Impact of option programme				2 473	2 473
Equity at 31.12.08	**53 577**	**-12 355**	**2 601 390**	**121 428**	**2 764 040**

2009	Share capital	Own shares	Premium reserve	Other equity	Total equity
Equity at 01.01.09	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 programme				2 243	2 243
Equity at 31.12.09	**53 577**	**-12 355**	**2 601 390**	**276 837**	**2 919 449**

Notes Lerøy Seafood Group ASA 2009

Share capital	Number	Face value	Book value
Ordinary shares	53 577 368	1.00	53 577 368
Total	**53 577 368**		**53 577 368**

Lerøy Seafood Group ASA had 1 207 shareholders as per 31.12.09. All shares confer the same rights in the company.
There were 53 577 368 shares outstanding per 31.12.2009.

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

Own shares
In 2009 the company did not buy or sell any of its own shares. Per 31.12.2009 the company owned 229 776 of its own shares with an average capitalised value of NOK 53.77 per share.

NOTE 2 FIXED ASSETS

(All figures in NOK 1 000)

2008	Real estate	Buildings	Total fixed assets
Acquisition cost per 01.01.08	2 090	34 456	36 546
Accrual		1 804	1 804
Disposal		-18	-18
Acquisition cost per 31.12.08	2 090	36 242	38 332
Accumulated depreciation per 31.12.08		-21 603	-21 603
Balance sheet value at 31.12.08	**2 090**	**14 639**	**16 729**
The year's depreciation		840	840

2009	Real estate	Buildings	Total fixed assets
Acquisition cost per 01.01.09	2 090	36 242	38 332
Accrual		2 426	2 426
Disposal			0
Acquisition cost per 31.12.09	2 090	38 668	40 758
Accumulated depreciation per 31.12.09		-22 443	-22 443
Balance sheet value at 31.12.09	**2 090**	**16 225**	**18 315**
The year's depreciation		840	840

The company uses linear depreciation for all fixed assets. Economic life of fixed assets is determined to be:
- Buildings and other properties 20 - 25 years
- Real estate Lasting value

NOTE 3 SHARES IN SUBSIDIARIES, AFFILIATED COMPANIES, ETC.

(All figures in NOK 1 000)

Subsidiaries	Business location	Ownership / voring rights	Adjustment 2009	Cost price / book value
Lerøy Hydrotech AS	Kristiansund	100 %	100 000	873 585
Lerøy Midnor AS	Hitra	100 %		261 645
Lerøy Fossen AS	Bergen	100 %	-12 811	43 643
Lerøy Aurora AS	Tromsø	100 %	15 593	149 463
Lerøy Vest AS	Bergen	100 %	104 097	1 339 132
Hallvard Lerøy AS	Bergen	100 %		57 871
Lerøy Smøgen Seafood AB	Smøgen, Sweden	100 %		36 017
Lerøy Sverige AB	Gøteborg, Sweden	100 %		29 690
Lerøy Alfheim AS	Bergen	100 %		13 100
Lerøy Delico AS	Stavanger	75 %		6 000
Lerøy Trondheim AS	Trondheim	100 %	7 200	18 995
Lerøy Fisker'n AS	Oslo	100 %	3 625	8 000
Lerøy & Strudshavn AS	Bergen	100 %		233
Sigerfjord Aqua AS	Sigerfjord	95.55 %	4 320	16 867
Inversiones Seafood Ltda	Chile	100 %		2 888
Nordvik SA	Boulogne, France	90 %		3 123
Portnor Lda	Portugal	60 %		4 600
Sandvikstomt 1 AS	Bergen	100 %		100
Total shares in subsidiaries			**222 024**	**2 864 952**

In 2009 NOK 100 000 of the claim against subsidiary Lerøy Hydrotech AS was converted to equity, and the number of shares owned in the subsidiary was increased accordingly. In addition, Lerøy Austevoll Holding AS was merged with Lerøy Seafood Group ASA and this caused a reduction of shares in Lerøy Vest AS valued at NOK 439 811. Paid Group contributions, which are charged against shares in the subsidiary (increase), amount to NOK 543 908 for Lerøy Vest AS, NOK 15 593 for Lerøy Aurora AS and NOK 4 320 for Sigerfjord Aqua AS. Group contributions from subsidiaries that are not booked as income but are carried as a reduction of shares in the respective subsidiary, amount to NOK 12 811 for Lerøy Fossen AS. The increase of NOK 3 625 for Lerøy Fisker'n AS represents the acquisition of the remaining 30% of the shares.

Affiliated company	Business location	Ownership/ voring rights	Balance sheet value
Norskott Havbruk AS	Bergen	50 %	163 273
Alfarm Alarko Lerøy	Istanbul, Turkey	50 %	11 546
Total shares in affiliated companies			**174 819**

In 2005 the Group acquired 50% of the shares in Alfarm Alarko Lerøy in Turkey. There existed an agreement for uneven distribution of dividend where Lerøy Seafood Group ASA only had the right to 25 % of ordinary dividend for the accounting years 2005, 2006, 2007 and 2008. In 2009 there was a capital infusion from both owners of NOK 1 765.

Other shares	Business location	Number of shares	Ownership/ voting rights	Cost price	Balance sheet value
Miscellaneous minor share interests				37	37
Total other shares				**37**	**37**

(Continued on next page)

NOTE 4 DEBT, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2009	2008
Long-term interest-bearing debt		
Debt to credit institutions 1 a,b)	468 356	576 481
Total interest-bearing debt at 31.12	**468 356**	**576 481**
Bank deposits	244 120	209 032
Net interest-bearing debt at 31.12	**224 236**	**367 449**
Debt secured by mortgages		
Long-term debt to credit institutions 1 a,b)	468 356	576 481
Total mortgage-secured debt at 31.12	**468 356**	**576 481**
Mortgaged assets		
Shares in affiliated companies	163 273	163 273
Shares in subsidiaries	696 227	696 227
Buildings	16 000	16 000
Inventories (cross-mortgaged)	40 000	40 000
Customer receivables (cross-mortgaged)	280 000	280 000
Total	**1 195 500**	**1 195 500**
Long-term debt with maturities of more than 5 years		
Debt to credit institutions 1 b)		87 500
Total		**87 500**
Guarantees issued on behalf of LSG ASA 2 a)	**173 540**	**104 270**

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

Instalment profile - loans
1 a) Lerøy Seafood Group ASA :
A loan of NOK 165 000 was established in 2002. The first instalment was paid in August 2003 and the loan is to be repaid over 8 years in equal semi-annual instalments. The final payment is expected to be made in 2011. The loan currently runs on NIBOR plus margin (NOK 30 856).

1 b) Lerøy Seafood Group ASA :
A loan of NOK 700 000 was established in the autumn of 2006 and the first instalment was paid in June 2007. Thereafter the loan is to be repaid over 8 years in equal semi-annual instalments. The loan currently runs on NIBOR plus margin (NOK 437 500).

Guarantees
2 a) Lerøy Seafood Group ASA has posted a guarantee to the lenders of NOK 50 000 to Lerøy Midnor AS, NOK 35 000 to Lerøy Aurora AS, NOK 40 000 to Lerøy Hydrotech AS and NOK 48 540 (SEK 60 000) to Lerøy Smøgen Seafood AB.

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

NOTE 5 GROUP INTER-COMPANY ACCOUNTS

(All figures in NOK 1 000)

	2009	2008
Long-term Group receivables		
Lerøy Alfheim AS	2 848	5 062
Lerøy Austevoll AS		17 198
Lerøy Hydrotech AS		211 800
Sigerfjord Aqua AS		2 447
Inversiones Seafood Ltda	11 721	
SAS Eurosalmon	9 500	13 107
SAS Fish Cut	3 054	5 139
Total long-term Group receivables	**27 123**	**254 753**
Short-term receivables Group/affiliated companies		
Hallvard Lerøy AS	193 372	83 907
Lerøy Midnor AS	298 254	38 421
Lerøy Aurora AS	95 693	127
Lerøy Fossen AS	30 000	32 500
Lerøy Vest AS	619	
Lerøy Alfheim AS	2 350	
Lerøy Fisker'n AS	5 900	
SAS Hallvard Lerøy		1 144
Norskott Havbruk AS	5 082	45 000
Total short-term receivables Group/affiliated companies	**631 270**	**201 099**
Of which: received Group contributions/dividends		
Hallvard Lerøy AS	188 000	78 797
Lerøy Midnor AS	297 429	38 421
Lerøy Fisker'n AS	5 900	
Lerøy Alfheim AS	2 350	
Lerøy Sverige AB	8 115	
Lerøy Smøgen Holding AB	8 107	
Lerøy Delico AS	2 727	4 759
Lerøy Aurora AS	116 867	
Lerøy Fossen AS	30 000	
Total dividends/Group contributions	**659 496**	**121 977**
Group contributions not in income statement	-12 811	
Income from investments in subsidiaries	**646 685**	**121 977**
Income from affiliated companies		
Norskott Havbruk AS (dividend)	5 082	45 000
Alfarm Alarko Lerøy (dividend)	1 372	
Income from affiliated companies	**6 454**	**45 000**
Short-term Group debt/affiliated companies		
Hallvard Lerøy AS	880	
Lerøy Trondheim	10 000	
Sigerfjord Aqua AS	708	
Lerøy Vest AS	103 222	905
Norskott Havbruk AS	5 082	
Total short-term Group debt	**119 892**	**905**

Notes Lerøy Seafood Group ASA 2009

NOTE 6 TAXATION

(All figures in NOK 1 000)

	2009	2008
Distribution of the year's tax cost		
Taxes payable	169 100	390
Too much or too little allocated to taxes	-340	733
Change in deferred tax	-74	5
Total taxation	**168 687**	**1 128**
Calculation of the year's taxation base		
Profit before tax	640 252	110 448
Dividend (adjusted for taxation)	-24 641	-50 411
Permanent differences incl. Group contributions without tax effect	-11 942	-58 629
Change in temporary differences	261	-18
The year's taxation base	**603 930**	**1 390**
Overview of temporary differences		
Buildings and other fixed assets	-3 092	-2 500
Receivables	-21	-200
Other differences	152	
Total	**-2 961**	**-2 700**
28% deferred tax (- tax asset)	-829	-755
Hereof entered in the balance sheet	-829	-755
Why the year's tax cost is not equal to 28% of pre-tax profit		
28% of profit before tax	179 271	30 926
Permantent differences (28%)	-3 344	-16 416
Tax-free dividend	-6 899	-14 115
Too much or too little allocated to tax	-340	733
Estimated tax cost	**168 687**	**1 128**
Effective tax rate	26.35 %	1.02 %
Tax payable booked in the balance sheet		
Tax payable	169 100	390
Tax payable on Group contributions paid	-85 370	
Tax payable booked in the balance sheet	**83 730**	**390**

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

(All figures in NOK 1 000)

Lønnskostnader	2009	2008
Wages and salaries	11 293	26 085
Employer's contribution	1 643	4 640
Pension costs [1]	324	388
Option costs (incl. employer's contribution, cp. note 1)	2 243	2 473
Other contributions/rewards	1 365	70
Total	**16 868**	**33 656**

[1] Contribution based pension scheme

Average number of man years: 5

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

Auditor

Invoiced fees in 2009 from the Group auditor PricewaterhouseCoopers AS, the law firm PricewaterhouseCoopers AS and other auditors, were as follows:

	2009	2008
Auditing fees Group auditor	653	581
Other services Group auditor	335	177
Total	**988**	**758**

NOTE 8 ITEMS COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	2009	2008
Interest income from Group companies	34 852	18 696
Other interest income	7 217	14 522
Agio/disagio on currency transactions		3 699
Other financial revenues		62
Total financial revenues	**42 069**	**36 979**

Financial costs	2009	2008
Interest cost	27 523	48 980
Other financial costs	3 642	416
Total financial costs	**31 165**	**49 396**

Net financial items	**10 904**	**-12 417**

Auditor's report

PRICEWATERHOUSECOOPERS

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To the Annual Shareholders' Meeting of Lerøy Seafood Group ASA

Auditor's report for 2009

We have audited the annual financial statements of Lerøy Seafood Group ASA as of 31 December 2009, showing a profit of NOK 471 564 000 for the parent company and a profit of NOK 730 141 000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the financial statements of the parent company and the group. The financial statements of the parent company comprise the balance sheet and the statements of income, cash flows and the accompanying notes. The financial statements of the group comprise the balance sheet, the statements of income, comprehensive income, cash flows, changes in equity and the accompanying notes. The regulations of the Norwegian accounting act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the parent company. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements of the group. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the financial statements of the parent company have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the company as of 31 December 2009 and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group as of 31 December 2009, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Bergen, 7 April 2010
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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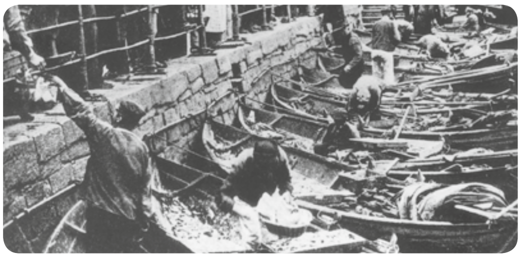
Picture page 23: Aqua Gen



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