



Austevoll Seafood ASA

**Financial  
Report**

**Q1 2015**

Austevoll Seafood ASA

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NORWAY

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# INDEX

Key figures for the group .....	04
Q1 2015.....	05
Operating segments.....	05
Cash flows .....	07
Balance sheet as of 31 March 2015.....	07
Risks and uncertainties .....	07
Shareholders.....	08
Market and outlook.....	08
Income Statement.....	09
Condensed Statement of Comprehensive income.....	09
Statement of Financial Position .....	10
Condensed Statement of changes in equity.....	10
Cash flow statement .....	11
Note 1 Accounting policies .....	12
Note 2 Related party transactions.....	12
Note 3 Biological assets.....	12
Note 4 Operating segments.....	14
Note 5 Associates.....	15
Note 6 Business combinations.....	15
Note 7 Top 20 shareholders per 31 March, 2015.....	15

## FINANCIAL REPORT Q1 2015

Positive results for salmon and trout despite a decline in market prices and an increase in release from stock costs in Q1 2015 when compared with Q1 2014

A high level of activity for the pelagic segment in the North Atlantic

A low level of activity for the pelagic segment in South America, but with a positive outlook

In April 2015, Austevoll Seafood ASA issued a new unsecured bond loan of NOK 500 million with maturity of 6 years at 3 month NIBOR + 2.90%

### KEY FIGURES FOR THE GROUP

All figures in NOK 1,000	Q1 2015	(restated) Q1 2014	2014
Operating revenue	3 545 829	3 641 992	14 344 177
EBITDA	516 965	769 431	2 516 189
EBITDA %	15 %	21 %	18 %
EBIT	348 707	620 394	1 855 768
Pre tax profit	-53 625	127 429	1 346 473
Earnings per share (EPS) from continuing operations	-0,10	0,48	2,76
Total assets	23 240 672	21 137 540	23 343 997
Equity	12 571 290	11 450 329	12 360 106
Equity ratio	54 %	54 %	53 %
Net interest bearing debt (NIBD)/	3 967 138	3 380 336	3 959 866

## Q1 2015

The Group reported operating revenue of NOK 3,546 million in the quarter, compared with NOK 3,642 million in Q1 2014.

EBITDA achieved in the first quarter was NOK 517 million, down from NOK 769 million in the same quarter of last year.

The Group reported an increase in revenue from salmon and trout but a lower EBITDA. This was caused by the decline in market prices and higher release from stock costs in the quarter when compared with Q1 2014. The businesses in South America reported a decline in both revenue and EBITDA due to a significantly lower sales volume during the quarter, when compared with Q1 2014. This is attributed to the extraordinarily difficult situation involving quotas in Peru in 2014, resulting in a very low inventory at the start of 2015 when compared with the start of 2014.

EBIT before value adjustment of biomass in Q1 2015 was NOK 349 million (Q1 2014: NOK 620 million). EBIT after value adjustment of biomass in Q1 2015 was NOK -20 million (Q1 2014: NOK 101 million). The IFRS biomass adjustment for the quarter was negative at NOK 368 million (Q1 2014 was negative at NOK 520 million).

Income from associates in Q1 2015 totalled NOK 56 million (Q1 2014: NOK 70 million).

The largest associates are Norskott Havbruk AS (owner of the Scotland-based fish farming company Scottish Sea Farms Ltd.) and Pelagia AS.

The Group's net interest expenses in Q1 2015 totalled NOK 52 million (Q1 2014: NOK 51 million).

**Profit before tax and IFRS biomass adjustment for Q1 2015 amounted to NOK 314 million, compared with NOK 686 million in the same quarter of 2014.**

The Group reported a loss before tax in Q1 2015 of NOK 54 million (Q1 2014: profit of NOK 127 million). The loss after tax was NOK 26 million (Q1 2014 NOK 118).

The Group is financially sound with an equity ratio of 54%. The Group had net interest-bearing debt totalling NOK 3,967 million at the close of Q1 2015. The comparative figure at the end of Q1 2014 was NOK 3,380 million.

## OPERATING SEGMENTS

### Austral Group S.A.A (Peru)

Austral Group S.A.A. (Austral) is involved in fishing, production of fishmeal and oil and products for consumption. Austral holds 6.87% of the total quota for anchoveta in Central/North Peru, and just under 4% of the quota in South Peru. In addition, the company has fishing rights for horse mackerel and mackerel. Anchoveta is utilised to produce fishmeal and oil, and horse

mackerel/mackerel is fished for consumption. The main fishing seasons for anchoveta in Central/North Peru are from April to July and November to January. The company has production of fishmeal and fish oil in four factories, located in Coishco, Chancay, Pisco and Ilo. The company has two factories producing fish for consumption that share premises with the fishmeal and fish oil factories in Coishco and Pisco.

IMARPE carried out a research cruise in the autumn of 2014 that indicated low biomass figures. As a result, the researchers recommended the cancellation of the second fishing season in 2014 (November-January). The company's vessels and processing facilities have therefore had no activity since August 2014. The level of activity was close to zero also during Q1 2015. The total volume of fish caught was 1,715 tonnes, and this was mainly anchoveta in South Peru. Due to the extraordinary difficulties involving quotas in 2014, the company started 2015 with a low inventory of fishmeal and fish oil. This has naturally resulted in a considerable decrease in sales volume in Q1 2015 compared with Q1 2014.

It is therefore encouraging to see a total quota of 2,580,000 tonnes announced on 8 April for the first season of 2015. This season lasts until 30 June 2015.

The fishing season has been successful to date and Austral has caught approx. 60% of its quota up to the start of May. The total quota for the first season of 2014 was 2.5 million tonnes. Only 66% of the total quota was caught by the end of the season on 10 August.

Operating revenue in Q1 2015 totalled NOK 163 million (Q1 2014: NOK 356 million) and EBITDA amounted to NOK 7 million (Q1 2014: NOK 82 million).

Approx. 6,700 tonnes of fishmeal and oil were sold in Q1 2015, compared with approx. 31,300 tonnes in the same quarter of 2014.

Peru is one of the largest producers of fishmeal and fish oil in the world. Production volumes in Peru have a direct influence on the prices for fishmeal worldwide. Due to the extraordinarily low catches in the first season in 2014, fishmeal prices saw a substantial increase in the second half of the year. The prices for fishmeal and fish oil have seen a downward correction after the quotas were established for the first season.

### Foodcorp Chile S.A (Chile)

Foodcorp Chile S.A (FC) is involved in fishing, production of fish for consumption and production of fishmeal and fish oil. FC has a quota of 9.1% for horse mackerel in South Chile in addition to a quota for sardine/anchoveta. All FC's facilities are in the same premises in Coronel.

The main season for horse mackerel fishing is from December to July. The main season for sardine/anchoveta fishing is divided into two periods. The first period starts in March and lasts until July/August. The second period starts in October/November.

The horse mackerel fishing season started in January but there was no fishing in February and large parts of March. Fishing restarted at the end of March, although the majority of horse mackerel caught during this period were small. Due to the fishing patterns in 2014, the company had a much lower volume of fish caught in Q1 2015 when compared with the same quarter in 2014 (6,000 tonnes compared with 20,000 tonnes). FC had fished approx. 32% of their total quota for 2015 by the end of May.

The squid fishing season has been good. The company's own fleet was utilised to fish for squid during the first quarter, and the total volume, including squid purchased from the coastal fleet, was just under 14,000 tonnes. The corresponding volume for Q1 2014 was approx. 8,000 tonnes. As normal, the fishing season for sardine/anchoveta started in mid-March, and FC's fleet has fished its total quota for 2015. FC also purchases a significant volume of sardine/anchoveta from the coastal fleet. The coastal fleet experienced a difficult start to the season with a predominance of small fish. As a result, fishing was cancelled in some areas. The fishing season for this group has now fully restarted.

Operating revenue in Q1 2015 totalled NOK 74 million (Q1 2014: NOK 93 million) and EBITDA amounted to NOK -1 million (Q1 2014: NOK 24 million).

Chile has seen a decline in horse mackerel fishing since 2008/2009. Fish stock management was introduced in 2012, with responsibility for this assigned to South Pacific Regional Fisheries Management Organization. A total quota for fish stocks was introduced for the first time in 2012 in order to rebuild biomass. The total quota has subsequently seen a slight increase over the years. It is our assessment that the current practice of conservative management lays the foundations for a sustainable biomass in the long term and consequently increased activities for the Group's business in Chile.

#### **Lerøy Seafood Group ASA (LSG)**

In Q1 2015, LSG reported operating revenue of NOK 3,279 million (Q1 2014: NOK 3,180 million) and EBITDA before value adjustment of biomass of NOK 501 million (Q1 2014: NOK 639 million).

The segment has harvested 35,000 tonnes gutted weight of salmon and trout in the quarter, compared with 33,300 tonnes in Q1 2014. The lower EBITDA figure reported for Q1 2015 compared with the same period last year is attributed to lower prices realised and higher release from stock costs. The salmon spot price in Q1 2015 was up on average by NOK 2 per kg when compared with Q4 2014, while the industry spot price for whole superior salmon was down 14%. Release from stock costs in Q1 2015 are on a par with those reported for Q4 2014, and remain at an extraordinarily high level historically. The release from stock costs for trout are expected to fall, but will remain high throughout the second and third quarters. The extraordinarily high costs, particularly for trout, are not expected to last as

measures implemented have an impact. LSG's measures and investments in 2014 and 2015, specially those involving cleaner fish, will provide a significant reduction in production costs throughout 2015 and as we enter 2016.

Russia introduced a ban on the import of Norwegian salmon and trout on 7 August 2014. The ban remains and continues to have an impact on the market for trout at the start of 2015. The market outside of Europe reports positive growth, but the main trend indicates that the volume formerly sold to Russia in Q1 2014 has now been sold to Europe in Q1 2015. As a result, the growth in supply on important end markets in Europe is much higher than indicated by the growth in export from Norway.

This dynamic has also had a negative impact on the prices for Atlantic salmon, although the impact on the trout market is much more predominant. As the world's largest producer of trout, LSG has suffered a significantly negative impact on its realised prices in Q1 2015.

Contract coverage for the first quarter of 2015 was 33%. Following a downward trend throughout the quarter, the spot price for salmon was up NOK 2 per kg when compared with Q4 2014. However, the prices realised by LSG saw a slightly higher increase than this due to a minor increase in contract prices and improved timing of spot sales. The above includes trout, where the prices realised in Q1 2015 were NOK 3 per kg lower than for salmon.

LSG has a total of 142 licences – 26 licences in Troms, 55 in Central Norway and 61 in West Norway.

In recent years, LSG has invested significantly in increasing its capacity for high value processed salmon and trout (VAP). LSG's work on marketing, along with good national and international customers, has resulted in improvements to utilisation of total capacity. As part of the overall strategy, LSG has also made significant investments in recent years in processing facilities, in order to be able to drive a "revolution" in the distribution of fresh seafood. The investments have been made in what is known as "fish-cuts", processing facilities where freshness, service and closeness to end customer are key. Today, LSG has a number of fish-cut facilities across Europe.

There is good demand for LSG's products, and the operating segment has a strong position within the major global fish markets.

#### **Br. Birkeland AS (BRBI)**

BRBI owns two combined pelagic ring net/trawling vessels, each with 650 basic tonnes for ring nets and 1,425 trawling quota for blue whiting. In 2014, the company invested in a vessel to fish for snow crab. In addition, BRBI owns seven licences for farming Atlantic salmon/trout in Hordaland.

In Q1 2015, BRBI reported operating revenue of NOK 112 million (Q1 2014: NOK 87 million) and EBITDA before value

adjustment of biomass of NOK 15 million (Q1 2014: NOK 25 million).

BRBI harvested 1,947 tonnes of salmon and trout in Q1 2015, with an EBIT per kg of NOK 6.4. The comparative figures for Q1 2014 are 1,534 tonnes and EBIT per kg of NOK 15.2. During the first quarter, the company's vessels have fished for capelin, blue whiting and snow crab.

#### **Pelagia AS**

AUSS's consolidated financial statements report the joint venture Pelagia AS as an associate, in accordance with IFRS 11. In the notes to the financial statements for this segment (note 4), and the description of the segment in this report, the financial information comprises 50% of Pelagia AS's total revenue, EBITDA, EBIT and sales volume. This corresponds to AUSS's shareholding in the company.

In Q1 2015, the operating segment had revenue of NOK 636 million (Q1 2014: NOK 647 million) and EBITDA of NOK 66 million (Q1 2014: NOK 60 million).

As normal, the first quarter is the high season for receipt of raw materials, and the total volume of raw materials received by the Group (100%) was approx. 409,000 tonnes for the quarter, compared with approx. 352,000 tonnes in the same quarter of 2014. There has been a particularly high level of activity within the production of fishmeal and fish oil, based on the increased quotas for blue whiting.

#### **CASH FLOWS**

Cash flow from operating activities for Q1 2015 was NOK 425 million (NOK 848 million in Q1 2014). Cash flow from investing activities for Q1 2015 was NOK -296 million (NOK 941 million in Q1 2014). During Q1 2015, LSG has purchased shares/taken part in share issues in various companies, totalling NOK 129 million. During the same quarter of 2014, Pelagia was founded and AUSS sold shares for a figure exceeding NOK 1,000 million. Cash flow from financing activities for Q1 2015 was NOK -190 million (NOK -1,236 million in Q1 2014). Cash flow from financing activities mainly comprises payment of ordinary instalments and changes in short-term credits. In Q1 2014, downpayments on long-term overdraft facilities totalled NOK 740 million. Net change in cash for the Group in Q1 2015 was NOK -62 million (Q1 2014: NOK 554 million). The Group's cash and cash equivalents at the end of Q1 2015 totalled NOK 2,152 million compared with NOK 1,993 million at the end of Q1 2014.

#### **BALANCE SHEET AS OF 31 MARCH 2015**

At the end of March 2015, the Group had a balance sheet total of NOK 23,241 million compared with NOK 21,138 million at the end of March 2014. The increase is partly attributed to the fact that Villa Organic (owned by LSG) is now a consolidated business and no longer an associate, with effect from Q3 2014.

The Group is financially sound with book equity at the end of Q1 2015 of NOK 12,571 million, which corresponds to an equity ratio of 54%. At end-March 2014, the book equity for the Group was NOK 11,450 million, also representing an equity ratio of 54%.

Net interest-bearing debt at end-March 2015 was NOK 3,967 million compared with NOK 3,380 million at end-March 2014. The Group's cash and cash equivalents excluding unused lines of credit at the end of March 2015 totalled NOK 2,152 million compared with NOK 1,993 million at the end of March 2014.

#### **RISKS AND UNCERTAINTIES**

The Group's risk exposure is described in the consolidated financial statements for 2014. The Group's activities are mainly global and will always be impacted to varying degrees by developments in the global economy. In light of the turmoil in the global economy in recent years, in addition to political trade barriers and geopolitical risk, the general consensus is that macro-economic uncertainty is still greater than normal. Although this situation may have a negative impact on the real economy in most markets, it is our opinion that AUSS's core business is founded on long-term sustainable assets within interesting segments of the global seafood industry.

The Group is exposed to risk related to the value of the Group's assets. Risk arises mainly as a result of changes in the prices of raw materials and finished products, to the extent that these changes impact the company's ability to compete and its earnings potential over time. Operational factors, such as marine biomass, fishing conditions and price developments for the Group's input factors, are other key parameters that have an impact on risk for the Group.

Changes in fishing patterns and quota regulations result in fluctuating catch volumes from quarter to quarter and from year to year, and subsequently in the utilisation of the company's production facilities. Practical evidence of this is provided with the difficult situation encountered by Austral in 2014. The seasonal fluctuations in catch volumes create similar fluctuations in the interim key figures.

The Group has a floating interest rate for the main share of its debt, but has signed fixed interest rate contracts for approx. 18% of its interest-bearing debt.

The Group is exposed to fluctuations in foreign exchange rates, particularly in EUR, GBP, USD, Chilean Peso and Peruvian Soles. Measures to reduce this risk include forward contracts and multi-currency overdraft facilities. Furthermore, parts of the long-term debt are adapted in relation to earnings in the same currency.

#### **SHAREHOLDERS**

At 31 March 2015, the company had 4,039 shareholders. The

number of shareholders at the start of the first quarter was 4,089.

The share price was NOK 46.50 at the start of the first quarter 2015 and NOK 43.10 at the close of the period.

Provided that the Board of Director's proposal to distribute a dividend of NOK 2 per share is adopted by the General Shareholders' Meeting on 22 May 2015, the total dividend will be NOK 405,434,748 to be paid on 5 June 2015. This dividend will be paid to those shareholders registered by the company as of 22 May 2015. The shares will be traded ex dividend with effect from 26 May 2015.

## MARKET AND OUTLOOK

### Fishmeal and fish oil

Fishmeal and fish oil prices in South America have remained at a stable high throughout Q1 2015, although with a very low sales volume. There has been a downwards price correction for fishmeal in the North Atlantic after the season started in 2015, particularly as a result of high catch volumes of capelin off the coast of Iceland.

The total quota for the first season in 2015 in Peru was set at 2.58 million tonnes, slightly exceeding market projections. This has resulted in slight pressure on prices for fishmeal. Realised prices for fishmeal FOB Peru (super prime) are now USD 1,800-1,850, while the CIF Hamburg prices for fishmeal (standard 64%/65%) are USD 1,530.

### Consumption

The Group's production of fish for consumption is mainly in Europe and South America. The Group received catches of herring and capelin during the first quarter in Europe. As previously mentioned, there has been a very low level of activity in South America. In addition to the extraordinarily low level of activity in Peru, the fishing pattern in Chile was different in Q1 2015 than in the same quarter of 2014. However, Chilean catches increased at the end of March, following on from a poor period from February to mid-March. The ban on imports into Russia introduced on 7 August 2014, in addition to the introduction of import quotas to Nigeria in 2014, have required the companies to actively seek alternative markets for those

products traditionally sold to Russia and Nigeria as the main markets. The weakening Norwegian currency has in the main helped strengthen the competitive edge of Norwegian seafood producers on the global market. However, we are also aware that the local currencies in some of our traditional herring markets (including Ukraine) are falling against the USD, resulting in increased prices for consumers on this market. Despite this, we are confident that the Group's products on these markets will fare well in competition with alternative sources of protein.

### Production, sale and distribution of salmon and trout

The ban on imports into Russia represents a significant, short-term challenge for both the Norwegian seafood industry and the industry in Russia and some of its neighbouring states. The Group is working hard to increase sales to alternative markets, but unfortunately there was little we could do to prevent the import bans from having a negative impact on the prices realised by the Group in the first quarter of 2015, and particularly for trout. Although the situation is taking longer than expected to resolve, we currently expect the market to gradually return to normal, due to an underlying strong growth in demand, and successful marketing initiatives, but also as a result of a change in the global trade flows for salmon and trout. Demand for high-quality seafood is high, and clear trends can be identified that substantiate increased demand for fresh products. Based on the market prospects and the substantial potential within the segment to achieve lower costs, the Group has a positive outlook to the future.

### The Group

The Group is financially sound, reports a positive development and currently has a strong position on a number of seafood markets worldwide. The Group's strategy is to continue to grow and further develop over time within its current operating segments.

Bearing in mind the prevailing framework conditions for the Group's operations, the Board of Directors is largely very satisfied with the Group's results for Q1 2015.

The Group's strong position within the global seafood business provides grounds for a positive outlook for the Group's future development.

Storebø, 12 May 2015

The Board of Directors of Austevoll Seafood ASA



## INCOME STATEMENT (unaudited)

All figures in NOK 1.000	Q1 2015	(Restated) Q1 2014	2014
<b>Operating income</b>	3 545 829	3 641 992	14 344 177
Raw material and consumables used	2 217 904	2 101 631	8 529 316
Salaries and personnel expenses	408 042	370 814	1 607 412
Other operating expenses	402 918	400 116	1 691 260
<b>Operating profit before depreciation (EBITDA)</b>	<b>516 965</b>	<b>769 431</b>	<b>2 516 189</b>
Depreciation and amortisation	170 407	150 911	630 308
Impairment	-2 149	-1 874	30 113
<b>EBIT before fair value biomass adjustment</b>	<b>348 707</b>	<b>620 394</b>	<b>1 855 768</b>
Fair value adjustment biomass	-368 222	-519 559	-379 758
<b>Operating profit</b>	<b>-19 515</b>	<b>100 835</b>	<b>1 476 010</b>
Income from associated companies	55 943	70 055	217 381
Net interest expenses	-52 329	-50 521	-197 074
Net other financial items (incl. agio/disagio)	-37 724	7 060	-149 844
<b>Profit before tax</b>	<b>-53 625</b>	<b>127 429</b>	<b>1 346 473</b>
Income tax expenses	27 313	-9 488	-345 802
<b>Net profit</b>	<b>-26 312</b>	<b>117 941</b>	<b>1 000 671</b>
Profit to non-controlling interest	-5 713	22 020	445 561
Profit to controlling interests	-20 599	95 921	555 110
Earnings per share (EPS)	-0,10	0,48	2,76
Diluted EPS	-0,10	0,48	2,76

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

All figures in NOK 1.000	Q1 2015	(Restated) Q1 2014	2014
<b>Net earnings in the period</b>	<b>-26 312</b>	<b>117 941</b>	<b>1 000 671</b>
<b>Other comprehensive income</b>			
Currency translation differences	193 324	-99 615	562 141
Other comprehensive income from associated companies	-	-20	-16
Cash flow hedges	47 992	-12 008	-72 200
Change in value available for sale financial assets	-	-	-
Others incl. tax effect	-3 820	1 939	-
<b>Total other comprehensive income</b>	<b>237 496</b>	<b>-109 704</b>	<b>489 925</b>
<b>Comprehensive income in the period</b>	<b>211 184</b>	<b>8 237</b>	<b>1 490 596</b>
Allocated to;			
Minority interests	-2 994	3 907	501 732
Majority interests	214 178	4 330	988 864

## STATEMENT OF FINANCIAL POSITION (unaudited)

All figures in NOK 1.000	31.03.2015	(restated) 31.03.2014	31.12.2014
<b>Assets</b>			
Intangible assets	7 634 655	7 029 936	7 480 567
Vessels	698 013	644 077	699 923
Property, plant and equipment	4 421 734	3 675 304	4 249 364
Investments in associated companies	1 706 690	1 595 804	1 563 187
Investments in other shares	33 805	31 414	35 773
Other long-term receivables	68 374	64 603	64 775
<b>Total non-current assets</b>	<b>14 563 271</b>	<b>13 041 138</b>	<b>14 093 589</b>
Inventories	4 314 027	4 093 434	4 721 989
Accounts receivable	1 560 349	1 515 201	1 637 571
Other current receivables	651 043	494 566	692 700
Cash and cash equivalents	2 151 982	1 993 201	2 198 148
<b>Total current assets</b>	<b>8 677 401</b>	<b>8 096 402</b>	<b>9 250 408</b>
<b>Total assets</b>	<b>23 240 672</b>	<b>21 137 540</b>	<b>23 343 997</b>
<b>Equity and liabilities</b>			
Share capital	101 359	101 359	101 359
Own shares	-35 306	-35 306	-35 306
Share premium	3 713 549	3 713 549	3 713 549
Retained earnings and other reserves	4 755 645	3 889 828	4 541 467
Non-controlling interests	4 036 043	3 780 899	4 039 037
<b>Total equity</b>	<b>12 571 290</b>	<b>11 450 329</b>	<b>12 360 106</b>
Deferred tax liabilities	2 320 353	2 216 828	2 407 445
Pensions and other obligations	164 559	83 543	169 447
Borrowings	4 863 983	4 322 739	4 794 922
Other long-term liabilities	18 295	10 914	16 104
<b>Total non-current liabilities</b>	<b>7 367 190</b>	<b>6 634 024</b>	<b>7 387 918</b>
Short term borrowings	676 435	738 006	741 009
Overdraft facilities	578 702	312 792	622 083
Account payable	1 041 026	1 009 442	1 172 648
Other current liabilities	1 006 029	992 947	1 060 233
<b>Total current liabilities</b>	<b>3 302 192</b>	<b>3 053 187</b>	<b>3 595 973</b>
<b>Total liabilities</b>	<b>10 669 382</b>	<b>9 687 211</b>	<b>10 983 891</b>
<b>Total equity and liabilities</b>	<b>23 240 672</b>	<b>21 137 540</b>	<b>23 343 997</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

All figures in NOK 1.000	31.03.2015	(restated) 31.03.2014	31.12.2014
<b>Equity period start</b>	<b>12 360 106</b>	<b>11 464 191</b>	<b>11 464 191</b>
<b>Comprehensive income in the period</b>	<b>211 184</b>	<b>8 237</b>	<b>1 490 596</b>
Dividends		-29 576	-593 599
Business combinations/acquisition		8 527	
Transactions with non-controlling interest		-1 050	-1 082
Effect option programme	-	-	-
Other	-	-	-
<b>Total changes in equity in the period</b>	<b>211 184</b>	<b>-13 862</b>	<b>895 915</b>
<b>Equity at period end</b>	<b>12 571 290</b>	<b>11 450 329</b>	<b>12 360 106</b>

## CASH FLOW STATEMENT (unaudited)

All figures in NOK 1.000	Q1 2015	(restated) Q1 2014	2014
<b>Cash flow from operating activities</b>			
Profit before income taxes	-53 625	127 429	1 346 472
Fair value adjustment of biological assets	368 222	519 559	379 758
Taxes paid in the period	-143 376	-81 091	-438 602
Depreciation and amortisation	170 407	150 911	630 307
Impairments	-2 149	-1 874	30 114
Associated companies - net	-55 943	-70 055	-217 381
Interest expense	61 333	56 650	244 673
Interest income	-9 004	-10 149	-47 599
Change in inventories	55 553	94 233	-316 082
Change in receivables	161 658	334 310	63 834
Change in payables	-143 534	-216 694	10 168
Other operating cash flow incl currency exchange	14 998	-55 344	109 076
<b>Net cash flow from operating activities</b>	<b>424 540</b>	<b>847 885</b>	<b>1 794 738</b>
<b>Cash flow from investing activities</b>			
Purchase of intangible and fixed assets	-189 336	-168 711	-994 489
Purchase of shares and equity investments	-129 450	-390	-64 418
Proceeds from sale of fixed assets/equity investments	6 354	1 114 010	1 191 035
<b>Cash inflow from business combinations</b>	<b>7 732</b>	<b>-</b>	<b>133 656</b>
Dividend received	-	-	36 250
Interest income	9 004	10 149	47 599
Other investing activities - net	-490	-13 690	24 970
<b>Net cash flow from investing activities</b>	<b>-296 186</b>	<b>941 368</b>	<b>374 603</b>
<b>Cash flow from financing activities</b>			
Proceeds from new long term debt	98 280	49 213	881 174
Repayment of long term debt	-155 605	-862 488	-1 394 642
Change in short term debt	-74 222	-343 919	-106 721
Interest paid	-58 414	-48 976	-238 067
Dividends paid	-	-29 576	-592 222
Other finance cash flow - net	-	-	-1 082
<b>Net cash flow from financing activities</b>	<b>-189 961</b>	<b>-1 235 746</b>	<b>-1 451 560</b>
Net change in cash and cash equivalents	-61 607	553 507	717 781
Cash, and cash equivalents at start of period	2 198 148	1 443 314	1 443 314
Exchange gains/losses (-)	15 441	-3 620	37 053
<b>Cash and cash equivalents at period end</b>	<b>2 151 982</b>	<b>1 993 201</b>	<b>2 198 148</b>

## NOTE 1 ACCOUNTING POLICIES

This interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related standard for interim financial reporting (IAS 34). The interim report, including historical comparative amounts, is based on current IFRS standards and interpretations. Changes in the standards and interpretations may result in changes to the result. The quarterly report has been prepared in accordance with the same policies applied to the most recent annual report, but does not contain all the information and notes required for an annual report. This report must therefore be read in the context of the most recent annual report from the company (2014).

## NOTE 2 RELATED PARTY TRANSACTIONS

There were related party transactions in Q1 2015. Related party transactions take place on market terms, and the relevant types of transactions are described in detail in the 2014 annual report.

## NOTE 3 BIOLOGICAL ASSETS

The Group recognises and measures biological assets (fish in sea) at fair value. When estimating fair value, the price is adjusted for quality differences (superior, ordinary and process) together with cost of logistics. The volume is adjusted to account for gutting loss. Fair value of biological assets with an average weight below 4 kg is adjusted based on stage of completion in relation to the growth cycle. The value is not adjusted to a lower amount than historical cost, unless a loss is expected on future sales.

The change in fair value adjustment of biomass in the income statement includes unrealised gain/loss on financial sales and purchase contracts (derivatives) on Fish Pool. Fish Pool contracts are treated as financial instruments in the balance sheet statement, where unrealised gain is recognised as other short-term receivables, and unrealised loss is recognised as other short-term debt.

## Lerøy Seafood Group ASA

<b>Carrying amount of biological assets</b>	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>2014</b>
Fish in sea at historic cost	2 662 983	2 383 547	2 694 863
Fair value adjustment fish in sea	435 872	633 475	784 546
Fair value fish in sea	3 098 855	3 017 022	3 479 409
Fry, brood and smolt	293 024	254 963	202 584
Carrying amount of biological assets	3 391 879	3 271 985	3 681 993
Total biological assets at historic cost	2 956 007	2 638 510	2 897 447
Fair value adjustment on biological assets	435 872	633 475	784 546
Carrying amount of biological assets	3 391 879	3 271 985	3 681 993
<b>Fair value adjustment</b>	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>2014</b>
Change IFRS adj. biological assets	-348 674	-477 027	-325 957
Change IFRS adj. derivatives	540	-608	-1 457
Fair value adj. biological assets	-348 134	-477 635	-327 414
<b>Volume of fish in sea (LWT)</b>	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>2014</b>
Volume at beginning of period	107 505	103 107	103 107
Business combinations	0	0	2 574
Growth during the period	34 414	34 146	193 666
Harvested volume during the period	-42 384	-40 401	-191 842
Volume at end of period	99 535	96 852	107 505
Fish > 4kg	34 105	39 408	37 871

The figures for harvested volume and growth in the table above have been estimated on the basis of gutted weight (GWT) and converted to live weight (LWT). The ratios for loss during gutting of salmon and trout applied for this conversion are 17% and 20% respectively.

## Br Birkeland AS

<b>Carrying amount of biological assets</b>	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>2014</b>
Fish in sea at historic cost	169 990	152 388	177 463
Fair value adjustment fish in sea	3 035	33 543	23 123
Fair value fish in sea	173 025	185 931	200 586
Fry, brood and smolt	-	-	-
Carrying amount of biological assets	173 025	185 931	200 586
<b>Fair value adjustment</b>	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>2014</b>
Change IFRS adj. biological assets	-20 088	-41 924	-52 344
Change IFRS adj. derivatives	-	-	-
Fair value adj. biological assets	-20 088	-41 924	-52 344
<b>Mengde fisk i sjø (LWT) / Volume of fish in sea (LWT)</b>	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>2014</b>
Mengde ved periodens begynnelse / Volume at beginning of period	5 893	5 915	5 915
Growth during the period	1 806	1 630	8 847
Harvested volume during the period	-2 379	-1 888	-8 869
Volume at end of period	5 320	5 657	5 893
Fish > 4kg	2 699	2 504	1 489

The figures for harvested volume and growth in the table above have been estimated on the basis of gutted weight (GWT) and converted to live weight (LWT). The ratios for loss during gutting of salmon and trout applied for this conversion are 17% and 20% respectively.

## NOTE 4 OPERATING SEGMENTS

All figures in NOK 1.000	Lerøy Seafood Group ASA	Austral Group S.A.A	Foodcorp Chile S.A	Br. Birkeland AS	Other/ eliminations	Total Group	Pelagia AS* (50% of figures and volumes)	Total Group incl. Pelagia AS (50%)
<b>Q1 2015</b>								
Operating revenue	3 278 526	163 055	73 995	112 350	-82 097	3 545 829	635 984	4 181 813
EBITDA	500 835	7 273	-762	15 479	-5 859	516 966	65 953	582 919
EBITDA %	15 %	4 %	-1 %	14 %		15 %	10 %	14 %
EBIT ex. Impairment	403 902	-31 636	-16 394	1 199	-10 513	346 558	49 984	396 542
EBIT	403 902	-29 487	-16 394	1 199	-10 513	348 707	49 984	398 691
<b>Volumes sold:</b>								
Salmon (gwt tonnes)	35 023			1 947		36 970		36 970
Fishmeal/oil (tonnes)		6 696	1 475			8 171	16 638	24 809
Frozen fish (tonnes)		26	2 097			2 123	32 523	34 646
Canning (cases)		137 142	6 237			143 379	747	144 126
FPC/Oil (tonnes)								-
<b>Q1 2014 (restated)</b>								
Operating revenue	3 180 264	356 035	92 743	87 320	-74 370	3 641 992	646 518	4 288 510
EBITDA	638 852	82 454	24 400	24 697	-972	769 431	59 613	829 044
EBITDA %	20 %	23 %	26 %	28 %		21 %	9 %	19 %
EBIT ex. Impairment	550 360	49 445	11 520	12 260	-5 065	618 520	40 109	658 629
EBIT	550 360	51 319	11 520	12 260	-5 065	620 394	40 109	660 503
<b>Volumes sold:</b>								
Salmon (gwt tonnes)	33 336			1 534		34 870		34 870
Fishmeal/oil (tonnes)		31 340	2 948			34 288	17 817	52 105
Frozen fish (tonnes)		179	4 535			4 714	45 214	49 928
Canning (cases)		203 101	4 854			207 955	-	207 955
FPC/Oil (tonnes)							864	864
<b>2014</b>								
Operating revenue	12 696 874	1 067 299	500 696	429 190	-349 882	14 344 177	2 822 806	17 166 983
EBITDA	2 160 138	180 137	79 483	91 523	4 907	2 516 188	294 634	2 810 822
EBITDA %	17 %	17 %	16 %	21 %		18 %	10 %	16 %
EBIT ex. Impairment	1 790 625	42 045	26 341	39 117	-12 247	1 885 881	209 942	2 095 823
EBIT	1 788 676	38 977	1 243	39 117	-12 247	1 855 766	209 942	2 065 708
<b>Volumes sold:</b>								
Salmon (gwt tonnes)	158 258					158 258		158 258
Fishmeal/oil (tonnes)		79 075	21 994	7 520		108 589	83 524	192 113
Frozen fish/fresh (tonnes)		2 626	16 823			19 449	194 808	214 257
Canning (cases)		557 046	60 021			617 067	-	617 067
FPC/Oil (tonnes)							3 908	3 908

## NOTE 5 ASSOCIATES

		Q1 2015	(Restated) Q1 2014	2014
Norskott Havbruk AS	50,0 %	16 128	36 429	95 540
Pelagia AS	50,0 %	36 082	32 764	124 744
Villa Organic AS	47,8 %	-	766	-5 418
Others		3 733	96	2 515
<b>Total income from ass.companies</b>		<b>55 943</b>	<b>70 055</b>	<b>217 381</b>
<b>Total investment</b>		<b>1 706 690</b>	<b>1 595 804</b>	<b>1 563 187</b>

## NOTE 6 BUSINESS COMBINATIONS

Business combinations have been carried out in Lerøy Seafood Group ASA (LSG). The two farming companies in North Norway, Lerøy Aurora AS and Lerøy Finnmark AS, were merged to form one unit at the start of 2015, with Lerøy Aurora AS as the receiving company. LSG increased its shareholding in Alfarm Alarko Lerøy from 50% to 100% with the purchase of the remaining 50% of the shares in the company. As a result, the former associate Alfarm Alarko Lerøy is now a subsidiary. Moreover, LSG has acquired 100% of the shares in the Norwegian company Senja Akvakultursenter AS via Lerøy Aurora AS. This company owns a large plot of land set aside for aquaculture, and is currently a major producer of lumpfish. At the start of 2015, LSG acquired 91% of the shares in the Norwegian company Preline Fishfarming System AS. For more detailed information, please refer to LSG's financial report for Q1 2015 published at [www.leroy.no](http://www.leroy.no)

## NOTE 7 TOP 20 SHAREHOLDERS PER 31 MARCH, 2015

Investor	Number of shares	% of top 20	% of total
LACO A/S	112 605 876	76,03	55,55
STATE STREET BANK & TRUST CO.	5 000 622	3,38	2,47
PARETO AKSJE NORGE	4 993 273	3,37	2,46
STATE STREET BANK AND TRUST CO.	2 980 760	2,01	1,47
PARETO AKTIV	2 892 151	1,95	1,43
FOLKETRYGDFONDET	1 938 691	1,31	0,96
MITSUI AND CO., LTD	1 782 236	1,20	0,88
BR.BIRKELAND AS	1 722 223	1,16	0,85
PACTUM AS	1 700 000	1,15	0,84
PARETO VERDI	1 373 480	0,93	0,68
JP MORGAN BANK LUXEMBOURG S.A	1 371 400	0,93	0,68
DANSKE INVEST NORSKE INSTIT. II.	1 348 982	0,91	0,67
THE BANK OF NEW YORK MELLON	1 324 158	0,89	0,65
HOLBERG NORDEN	1 281 000	0,86	0,63
MP PENSJON PK	1 182 000	0,80	0,58
CITIBANK, N.A.	1 027 624	0,69	0,51
PARETO AS	921 000	0,62	0,45
OM HOLDING AS	920 000	0,62	0,45
FORSVARETS PERSONELLSERVICE	896 346	0,61	0,44
HOLBERG NORGE	852 148	0,58	0,42
<b>Total number owned by top 20</b>	<b>148 113 970</b>	<b>100,00</b>	<b>73,06</b>
<b>Total number of shares</b>	<b>202 717 374</b>		<b>100,00</b>

