



Austevoll Seafood ASA

**Annual Report  
2015**

## Don Ole

The latest addition to Austevoll Seafood ASA's pelagic fishing fleet, currently operating in Peru for the Austral Group S.A.A.

The vessel is named "Don Ole" in memoriam of Ole Rasmus Møgster (1958–2010), who together with his brother Helge Møgster founded and built Austevoll Seafood ASA into the global seafood company that it is today.





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# This is Austevoll Seafood ASA

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A leading seafood industry specialist within  
the Salmon and Pelagic sector.

Austevoll Seafood ASA (AUSS) is a globally integrated pelagic and salmon industry specialist with operations in Norway, Chile, Peru and North Atlantic region.

Our beginning can be traced back to Austevoll Havfiske AS, a company established in 1981 by Helge Møgster, Ole Rasmus Møgster and their father. The fishing activities were small-scale up until 1991, when the Møgster family purchased their second fishing vessel, including fishing license, in Norway. Over the last decade, AUSS has acquired a significant number of companies of a complementary nature to its existing business areas.

In 1991 the Møgster family entered into the pelagic wild catch in Chile after being invited by EWOS to operate their fishing vessels. The Chilean operation was gradually expanded and AUSS now controls approx. 9.1% of the Chilean horse mackerel quotas in the South of Chile.

The next major investments were done in 2006, by entering into the fishmeal and fish oil operation in Norway and Peru

through the acquisitions of Welcon Invest AS (Norway) and Austral Group S.A.A (Peru). In 2006, AUSS was established based on Austevoll Havfiske AS, by then one of the top pelagic fishery and salmon farming companies in Norway. The main shareholder of the company is LACO AS, a company under joint control by the Møgster family.

Today our investments include ownership and operation of fishing vessels, fishmeal plants, canning plants, freezing plants, salmon farming, salmon processing, and marketing and sales. The total number of full-time equivalents (FTEs) for the Group in 2015 was 4,026 of which 1,572 were in South America.

At AUSS we see the focus in sustainability as the key for our success and existence. A successful balance of environmental, social and economic elements will help ensure that AUSS remains commercially feasible, socially acceptable and in compliance with the capacity of the environment we operate in.



## Important strategic events 2015

In December Austral took over a new technologically advanced fishing vessel. LSG has during 2015 become a significant producer of cleaner fish and will according to plans be self sufficient with cleaner fish in 2016.

### 2014

Pelagia Holding AS were established  
Villa demerged and LSG's share fully consolidated into LSG. As a result of the demerger Lerøy Aurora has right of disposal of additional eight new licenses.

### 2013

Increased ownership in NPEL from 43.3% to 100.0%  
Acquired 49.43% of the shares in Villa Organic AS  
AUSS and Kvefi AS agreed to merge respective pelagic activities in Europe. Transaction was completed in January 2014.

### 2012

Acquired 50% of the share capital of Hordafor AS (via Welcon Invest AS)  
Acquired 50.1% of the shares in Rode Beheer B.V (via LSG)

### 2011

Increased ownership in NPEL from 33.27% to 43.3%  
Increased ownership in Br. Birkeland AS from 40.2% to 49.99%

### 2010

Acquired 33.27% share capital of NPEL  
Sold the entire shareholding of Epax Holding AS  
Acquired 50.1% of Sjøtroll Havbruk AS (via LSG)

### 2009

AUSS and Origin Enterprises plc merged their respective fishmeal and fish oil activities in Norway, Ireland and UK  
Decreased ownership in LSG to 63.7%  
Completed private placement for a total of 18,400,000 new shares

### 2008

Increased ownership in LSG to 74.93%

### 2007

Acquired 100% of Epax Holding AS, Norway  
Sold the salmon business to LSG, ownership per end 2007 33%.  
Acquired 50% of Corporacion del Mar S.A (Cormar), Peru

### 2006

Acquired 89.26% of Austral Group S.A.A in Peru  
Acquired 100% of Welcon Invest AS in Norway  
Increased ownership in Br. Birkeland AS to 40.2%  
Infusion of approx NOK 2.3 billion of new capital through a share issue  
Listed on the Oslo Stock Exchange's main list

#### Glossary

AUSS - Austevoll Seafood ASA  
NPEL - Norway Pelagic ASA  
LSG - Lerøy Seafood Group ASA



# CEO Letter

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## 10 years in the making, more to come

Since our listing on the Oslo Stock Exchange 10 years ago, we have relied on an investment strategy based on conviction, industrial insight and long-term focus in seafood companies, which add sustainable value to our business activities. This has led our group from having a turnover of NOK 2.7 billion in 2006 to NOK 15.3 billion in 2015. Today, Austevoll Seafood ASA remains a substantial and solid company with a good track record in our investments, and with great business potential still to be fully realised. Nevertheless, this is largely owed to over 4,500 professional employees present in 18 countries, working together building a better future for our businesses.

The global salmon supply increased in 2015 to a total volume of approx. 2.3 million tonnes, an increase of 3.6% compared with 2014. However according to the industry analyst, Kontali, a decline in the supply of Atlantic salmon is expected in 2016, and the estimated harvesting level for Norway is expected to be on the same level as in 2012. It is important that the salmon industry together with the politicians work closely to lay the foundation for the future of the Norwegian salmon industry. In addition to feed prices, the on-going biological challenges in the salmon segment in Norway have had a strong impact on production and contributed towards higher production cost. Lerøy Seafood Group ASA (LSG) has made substantial investments in cleaner fish, mechanical cleaning and live fish carrier vessel capacities, in order to reduce the biological challenges in 2016. LSG harvested a total of 157,700 tonnes of salmon and trout from own production in Norway during 2015, down 0.4% from 158,300 tonnes in 2014. The group currently estimates the total harvest volume for 2016 to be approx. 183,000 tonnes.

In South America, the Chilean horse mackerel quota was set at 297,000 tonnes for 2015, up from 290,000 tonnes in 2014. The quota for 2016 is set at 310,000 tonnes and demonstrates the Chilean government's commitment to rebuilding the biomass. The four year partnership agreement between Foodcorp Chile S.A and Alimar S.A. was terminated on the 31st December 2015. From 2016, we will operate our assets separately.

In Peru we have experienced two years marked by warm waters close to the Peruvian coast. This has affected the main

fisheries for anchovy and the total catch has been greatly reduced compared with average catches in normal years. With the El Niño tailing off beyond Q1 2016, based on historical trends, we expect that the biomass and fisheries will recover to a normal level during 2016. As a consequence of lower fishmeal and fish oil production in Peru in recent years, we have experienced higher prices in our fishmeal segments both in South America and the North Atlantic.

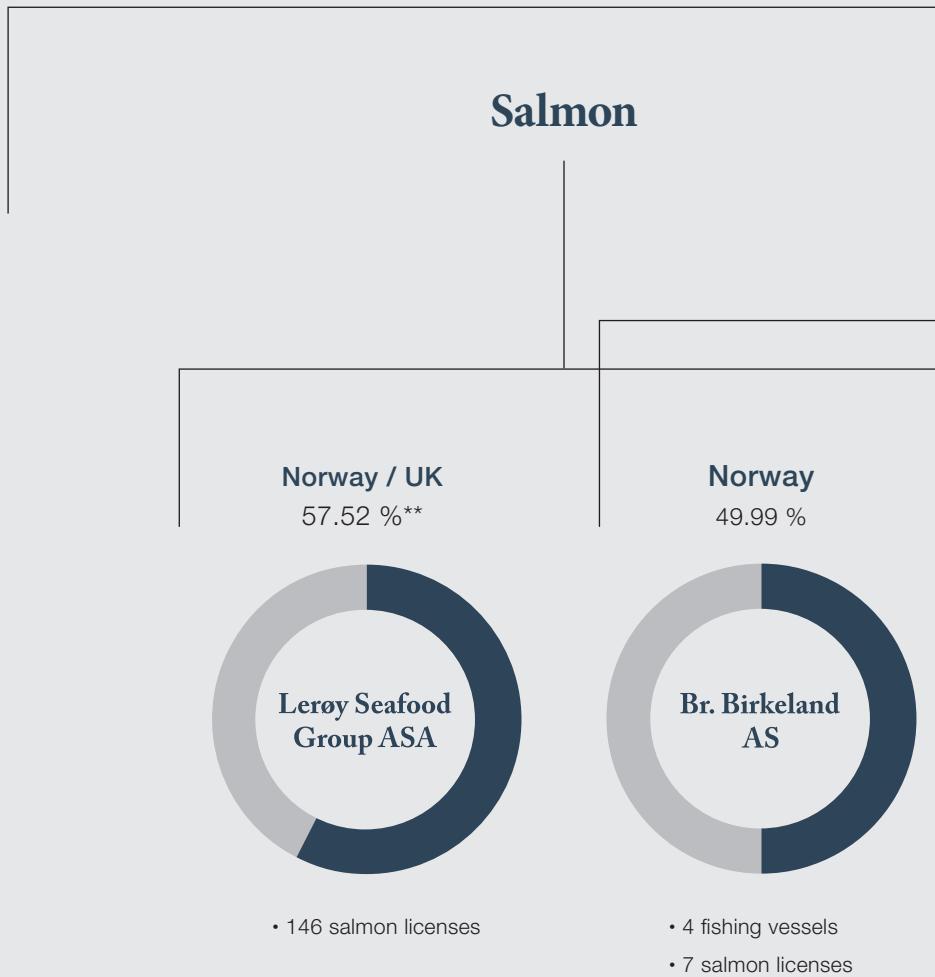
The formation of Pelagia Holding AS in 2014 was in line with our long term strategy of establishing strategic partnerships to optimise operation from raw materials to end products. 2015 has been a good year in terms of raw material access for our fishmeal factories in the North Atlantic region. The Norwegian Krone was weak against key currencies throughout 2015, giving strong competitive advantage to Norwegian seafood products in the global market. The group is still experiencing challenges in key markets for pelagic fish, and has done well in diverting stocks to alternative markets.

We understand the absolute importance of sustainable management of the environment and social impact as key to the very survival of the seafood industry. It is this intrinsic relationship between environmental, social and business responsibilities that makes us adhere to our sustainability commitment. By operating within a strict sustainable environmental policy throughout our organisation, and maintaining an active commitment towards social development programs, we hope to be among the leaders in sustainability across the global seafood industry. We believe that by practicing sustainability management today, we can safeguard our industry for tomorrow.

In summary, 2015 has been a good year and we are satisfied with the Group's financial performance despite provisional challenges within salmon farming combined with limited fishing in Peru. We will continue to work towards optimising our value chain. We believe our best days are yet to come, and with continued dedication we will deliver. Finally, I would like to give a special note of thanks to our employees and their families for all their great efforts through the year. Your trust, loyalty, sacrifices and devotion have been key factors in our success.

# Company overview

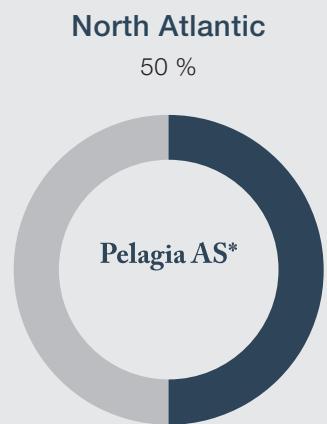
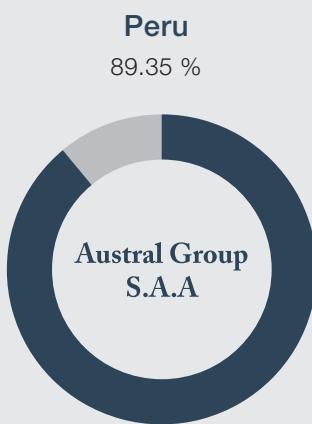
Austevoll Seafood ASA is a globally integrated pelagic and salmon industry specialist with operations in Norway, Chile, Peru and North Atlantic



\*\* Per 31 December 2015 the shareholding in Lerøy Seafood Group ASA (LSG) was 62.56%. On 18 March 2016 Austevoll Seafood ASA sold 2,750,000 shares in LSG. After the transaction the shareholding in LSG was 57.52%.

# Austevoll Seafood ASA

## Pelagic



- 5 fishing vessels
- 4 processing plants
- 9.1% of horse mackerel quota in the south

- 21 fishing vessels
- 7 processing plants
- 7% of anchovy quota in the centre/north

- 1 fishing vessel\*
- 27 processing plants
- 1 facility approved as Border Inspection Post (BIP)

\*Associated companies

# Key figures

Amounts in NOK 1 000	2015	2014	2013 (restated)
<b>PROFIT AND LOSS ACCOUNT</b>			
Operating income	15 273 494	14 344 177	12 657 884
Operating expenses	-13 029 418	-11 827 988	-10 277 792
<b>EBITDA</b>	<b>2 244 076</b>	<b>2 516 189</b>	<b>2 380 092</b>
Depreciation, amortisation, impairment and depreciation of excess value	-857 640	-660 421	-668 697
<b>EBIT (before fair value adj. biological assets)</b>	<b>1 386 436</b>	<b>1 855 768</b>	<b>1 711 395</b>
Fair value adjustment of biological assets	246 567	-379 758	828 834
<b>OPERATING PROFIT</b>	<b>1 633 003</b>	<b>1 476 010</b>	<b>2 540 229</b>
Income from associated companies	264 279	217 381	194 328
Net financial items	-325 145	-346 918	-270 120
Profit before tax	1 572 137	1 346 473	2 464 437
Profit after tax	1 283 106	1 000 671	1 841 767
<b>Net profit after discontinued operations</b>	<b>1 283 106</b>	<b>1 000 671</b>	<b>1 603 068</b>
Profit to minority interests	560 863	445 561	904 277
<b>BALANCE SHEET</b>			
Intangible assets	8 115 351	7 738 221	7 057 034
Vessels, other property, plant and equipment	5 531 053	4 949 287	4 452 666
Other non current assets	1 861 178	1 663 735	862 064
Current assets	10 286 381	9 250 408	10 312 592
<b>Total assets</b>	<b>25 793 963</b>	<b>23 601 651</b>	<b>22 684 356</b>
Equity	13 610 808	12 360 106	11 464 191
Long term liabilities	8 238 442	7 645 571	7 705 494
Short term liabilities	3 944 714	3 595 974	3 514 671
<b>Total equity and liabilities</b>	<b>25 793 964</b>	<b>23 601 651</b>	<b>22 684 356</b>
<b>Net interest bearing debt</b>	<b>4 838 160</b>	<b>3 959 866</b>	<b>5 103 197</b>
<b>CASH FLOW</b>			
<b>Net cash flow from operating activities</b>	<b>1 211 128</b>	<b>1 794 738</b>	<b>1 492 930</b>
<b>KEY RATIOS</b>			
Liquidity ratio	1	2,61	2,57
Equity-to-asset ratio	2	53 %	52 %
EBITDA margin	3	15 %	18 %
Return on equity	4	10 %	8 %
<b>Average no. of shares (thousands) *</b>	<b>200 995</b>	<b>200 995</b>	<b>200 995</b>
Earnings per share	5	3,59	2,76
Paid out dividend		2,00	1,60
Proposed dividend payout 2016		7,00	1,20

1) Current assets/short term liabilities

2) Equity/total capital

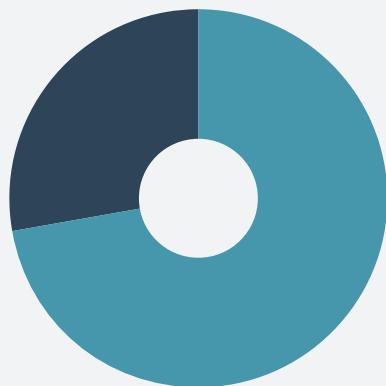
3) Operating profit/loss before depreciation expressed as a percentage of operating income

4) Net profit after tax (incl. discontinued operations) expressed as a percentage of average equity

5) Net profit after tax (incl. discontinued operations)/average no. of shares

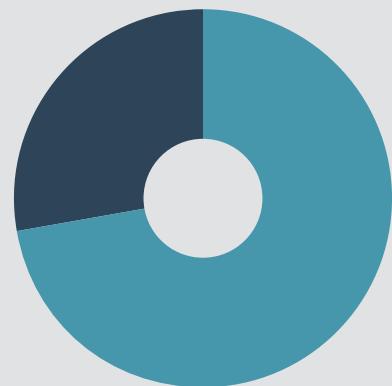
\* Excl. own shares owned through Br. Birkeland AS

Operating Revenue  
2015



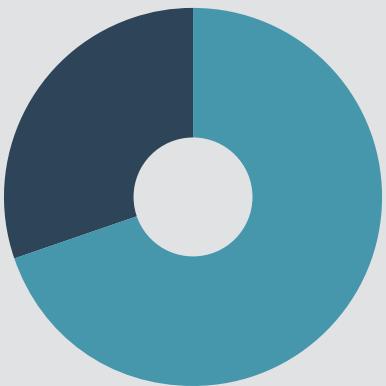
● Lerøy Seafood Group	13 484 931
● Austral Group	1 091 246
● Foodcorp Group	490 263
● Birkeland Group	520 433
● Pelagia	3 045 981
○ Others	-313 379
● <b>Total</b>	<b>18 319 475</b>

Operating Revenue  
2014



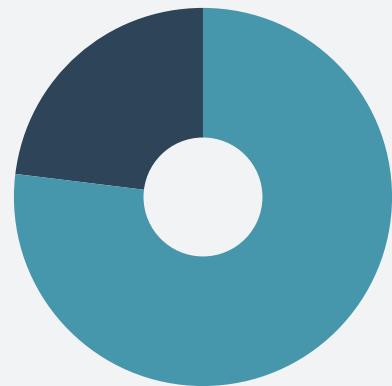
● Lerøy Seafood Group	12 696 874
● Austral Group	1 067 299
● Foodcorp Group	500 696
● Birkeland Group	429 190
● Pelagia	2 822 806
○ Others	-349 882
● <b>Total</b>	<b>17 166 983</b>

EBITDA  
2015



● Lerøy Seafood Group	1 813 868
● Austral Group	272 637
● Foodcorp Group	46 747
● Birkeland Group	106 398
● Pelagia	358 710
○ Others	4 425
● <b>Total</b>	<b>2 602 785</b>

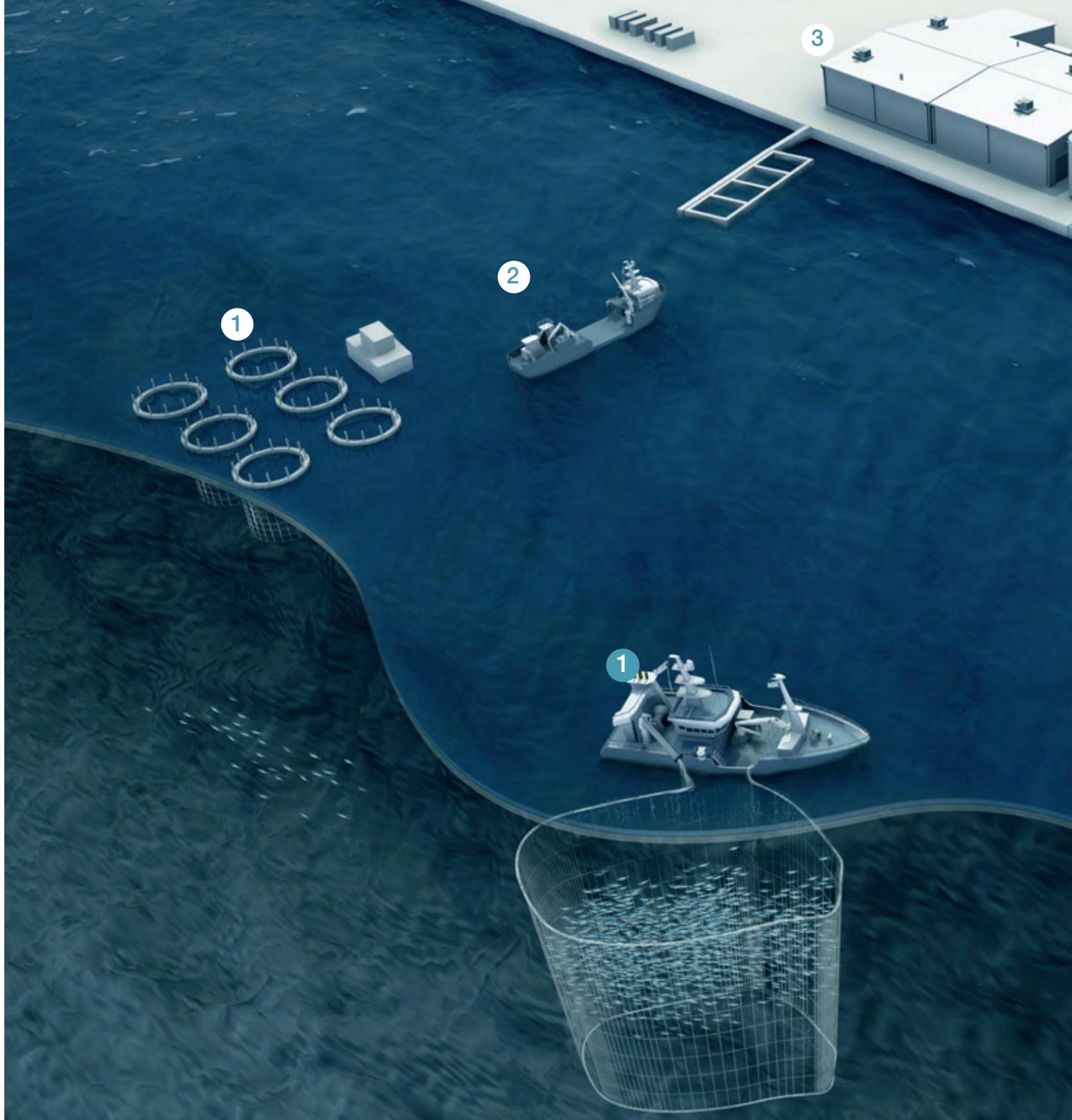
EBITDA  
2014

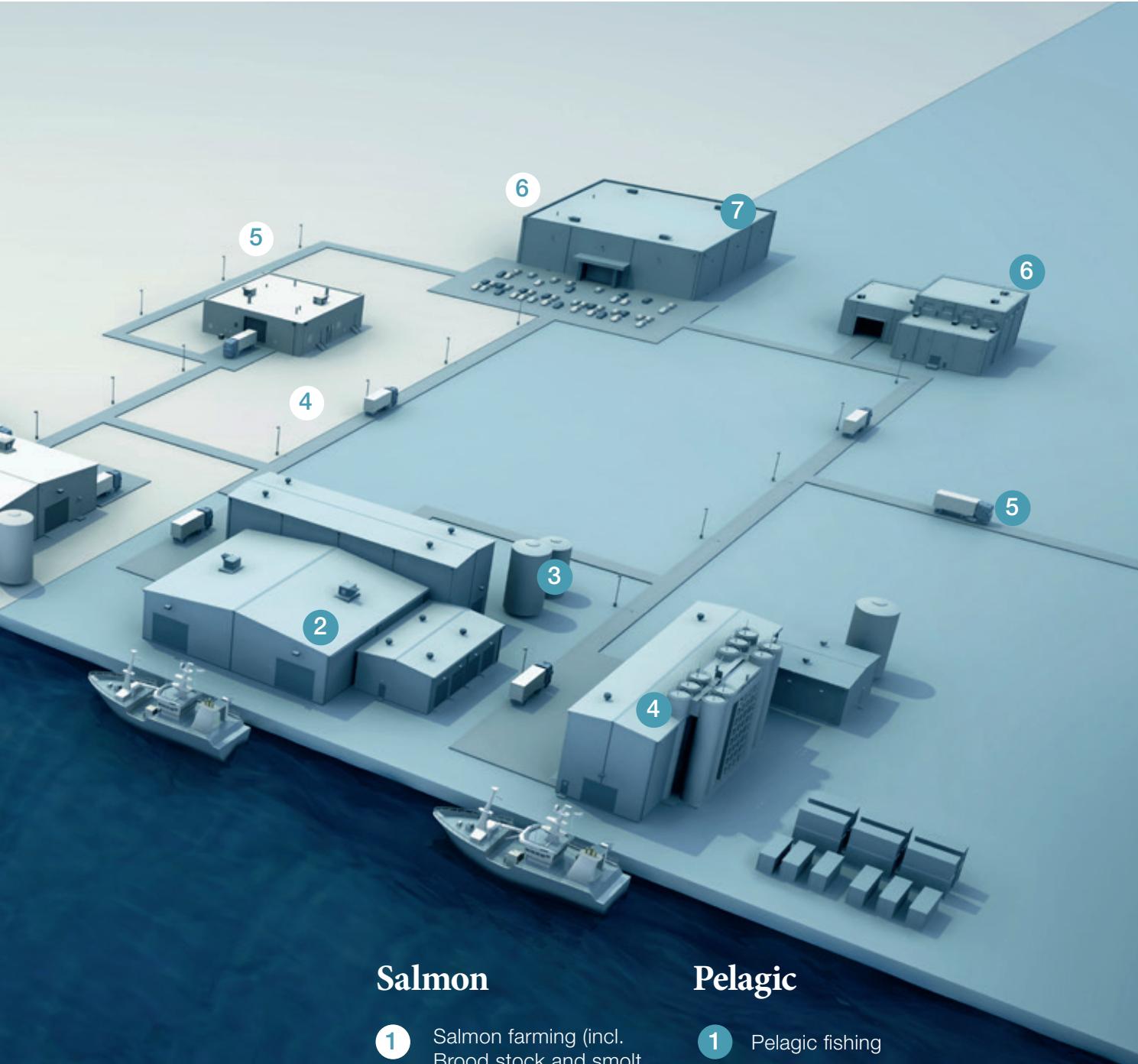


● Lerøy Seafood Group	2 160 138
● Austral Group	180 137
● Foodcorp Group	79 483
● Birkeland Group	91 523
● Pelagia	294 634
○ Others	4 907
● <b>Total</b>	<b>2 810 822</b>

# Value chain

Raw materials to processing to distribution





## Salmon

- 1 Salmon farming (incl. Brood stock and smolt production on land)
- 2 Transport of live salmon
- 3 Salmon processing
- 4 To consumer market
- 5 VAP processing
- 6 Consumer market

## Pelagic

- 1 Pelagic fishing
- 2 Pelagic fish processing
- 3 Offcuts to fishmeal/oil
- 4 Fishmeal and fish oil production
- 5 To commodity market
- 6 Customer VAP plants
- 7 Consumer market

Farming: 180-190,000 tonnes of salmon annually  
Harvesting: 400-500,000 tonnes of pelagic fish annually  
Processing: 1.5-1.8 mill tonnes of pelagic fish annually  
Employees: 4,026 full-time equivalent (2015)

# Lerøy Seafood Group ASA

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Lerøy Seafood Group's vision is to be the leading and most profitable global supplier of sustainable, quality seafood

Lerøy Seafood Group ASA (LSG) is the leading exporter of seafood from Norway and is in 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. LSG's core activities are production of salmon, trout and other species, processing of seafood, distribution, sale and marketing of seafood, as well as product development.

LSG's vision is to be the leading and most profitable global supplier of sustainable, quality seafood.

## Operational highlights for 2015

For 2015 in total, LSG has reported income of NOK 13,485 million compared with NOK 12,697 million in 2014. Operating profit before value adjustment of biomass for 2015 as a whole was NOK 1,380 million compared with NOK 1,789 million in 2014.

The Farming segment comprises the Group's three farming regions in Norway: Lerøy Aurora AS, which holds 26 licences in Troms; Lerøy Midt AS, which owns 57 licences in Central Norway; and Lerøy Sjøtroll, which consists of the two farming companies Lerøy Vest AS (37 licences, wholly-owned by LSG) and Sjøtroll Havbruk AS (26 licences, 50.7% owned by LSG).

The VAP segment currently comprises four units. Lerøy Fosser AS (located on the island of Osterøy close to Bergen) is Norway's largest smokehouse for salmon and trout, with a capacity of approximately 12,000-15,000 GWT of raw materials. Lerøy Smøgen Seafood AB (located in Smøgen, Sweden) is Sweden's largest value-added processing facility for salmon. It has an approximate capacity of 12,000 GWT of raw materials. Rode Beheer BV Group (50.1% owned

by LSG) has facilities in Urk, Holland, with a total capacity of 16,000-20,000 GWT of raw materials. The fourth unit, Bulandet Fiskeindustri AS, is a processing facility for white fish in Norway.

The Sales & Distribution segment plays a very important role in LSG's ambition to drive demand for seafood by launching new products and pioneering new markets. The segment not only sells and distributes its own production of salmon and trout, but also has a high level of sales activity in cooperation with third parties, ensuring a wide product range for LSG within seafood. In recent years, LSG has also made significant investments in processing facilities, in order to be able to drive a "revolution" in the distribution of fresh seafood. These investments have been made in what is known as "fish-cuts", processing facilities where freshness, service and proximity to end customer are key. Today, LSG has a number of fish-cut facilities across Europe.

## Key initiatives and accomplishments

In 2015, LSG has taken a leading role in investments in cleaner fish for fish farming. The Group has acquired 100% of the shares in Senja Akvakultursenter AS and 51% of the shares in Norsk Oppdrettsservice AS. In addition, start-up of lumpfish production in a number of facilities has taken place in 2015. According to the plan, this will give the Group a self-sufficient supply of wrasse in 2016.

Lerøy Aurora's smolt plant in Laksefjord in Finnmark delivered their first volume of smolt from their new, modern recycling plant. This represented a further boost to the Group's smolt capacity.

LSG and Bellona currently operate the R&D company, Ocean Forest AS. Ocean Forest's goal is to exploit nutrient salts discharged from fish farms and hence lead to increased exploitation of resources. Based on the results of research in

2015, the Group is confident that this joint venture will make a positive contribution to even more sustainable production in the years to come.

In 2015, the Group acquired a 50% shareholding in Seistar Holding AS, a shipping company involved in well boats. This allows the Group more control over what is an increasingly important part of the value chain.

On the marketing side, the Group has achieved a solid position with a view to growth in new geographical areas via their increased investments in Turkey. The Group's shareholding in Lerøy Turkey (former Alfarm Alarko Lerøy) was increased from 50% to 100%.

#### Market overview for 2015

A central aspect of LSG's strategy for growth is to offer new products to new markets. This requires knowledge of and proximity to both customer and market. LSG has a long, proud history within the sale and distribution of seafood. Today, the Group sells its products to more than 70 markets and has a vast network of customers in the majority of these markets. Not only does this major customer portfolio afford unique knowledge of market trends, it also allows for a significant diversification of risk.

2015 saw a 3.6% growth in the global supply of Atlantic salmon, substantially lower than the 9.1% growth in 2014. The market in 2015 was however substantially affected by the ban on imports to Russia in that growth on other important end markets was significantly higher than indicated by the growth in supply.

The LSG's Board of Directors' Report for 2014 predicted a negative impact on Group earnings in 2015 caused by the ban on imports of Norwegian salmon and trout to Russia, introduced on 7 August 2014 – with a particular impact on trout as the Group is the world's largest producer of trout. This prediction has now materialised, and the Group's realised prices for trout have been significantly lower than salmon prices in 2015. A number of measures have been implemented to rectify this situation, but trout prices remain substantially lower than salmon prices at the start of 2016. It is expected that measures implemented gradually will provide an increase in trout prices so they are closer to salmon prices throughout 2016.

In line with its market strategy, the Group exported a broad range of seafood products from Norway to a large number of countries in 2015, the most significant market being the EU. It is satisfying to observe the positive developments generated by our efforts related to distribution of fish in the Nordic countries and Europe, and how these strengthen our own and our customers' position on this important seafood market. There is a healthy demand for the Group's products.





# Foodcorp Chile S.A

A key player in the Centre-South  
Chilean pelagic industry

Foodcorp Chile S.A (FC), a fully owned subsidiary of AUSS since 1991 and one of the main players in the pelagic fishing industry in the Centre-South region of Chile. FC owns a fleet of five purse seiner vessels, plants for freezing, canning, fishmeal and fish oil production. In addition FC also purchases raw material from coastal fishermen under fish delivery agreements.

FC has a quota of 9.1% for horse mackerel in South Chile in addition to a quota for sardine/anchoveta.

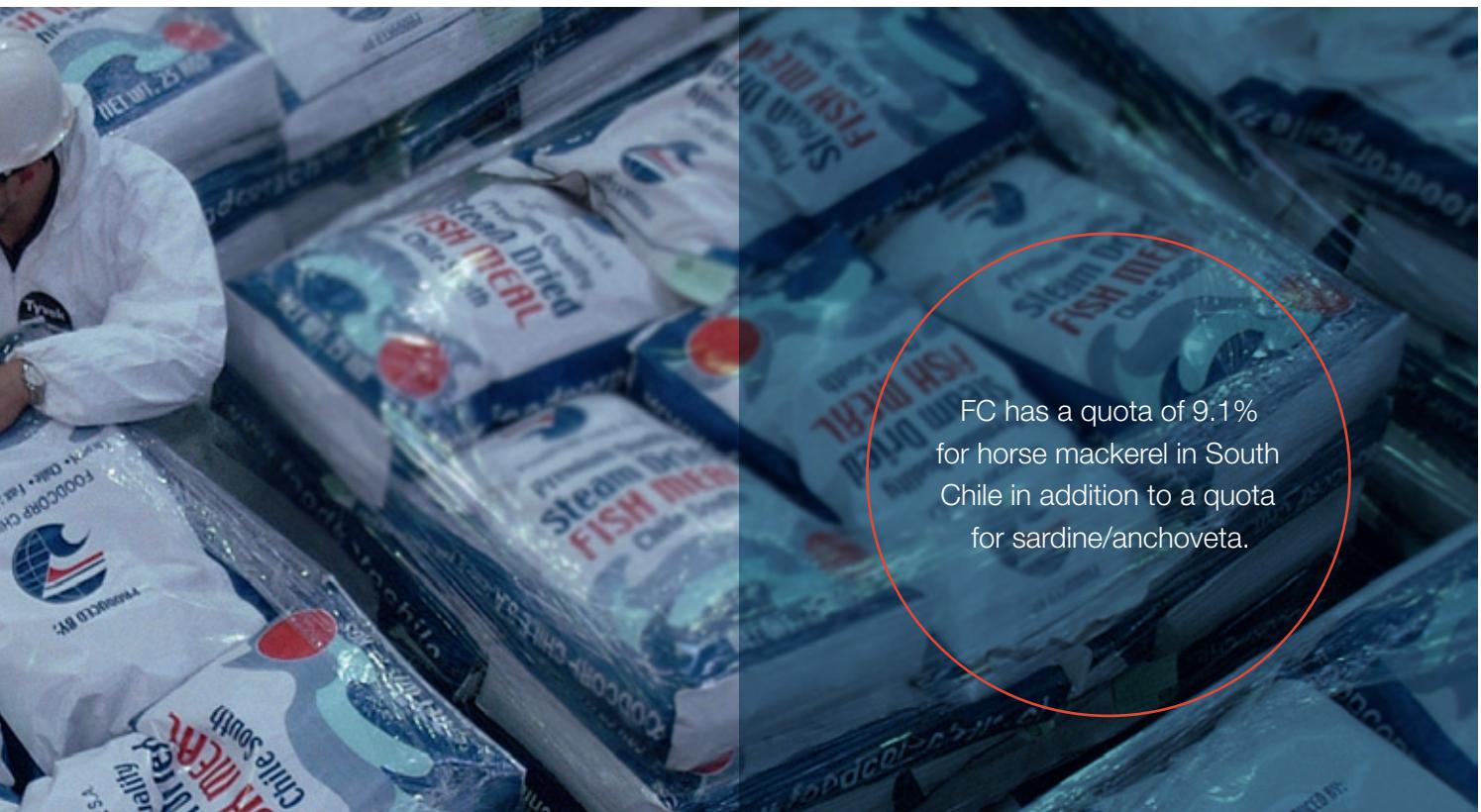
## Operational highlights for 2015

FC's operation in 2015 was highly focused on balancing the available raw material input with market demands. Investments made in production line enabled the consolidation of the giant squid processing, allowing FC to turn into a leading supplier of this frozen product. The production facilities now include segregated areas within the direct human consumption freezing plant, allowing

parallel production of giant squid with pelagic fish. This enhances FC's flexibility to provide constant products to the markets.

In the fishmeal and fish oil production, several improvements have been made addressing community concerns including odour control, air emissions and fresh fish transportation.

For 2015 in total, FC has reported turnover of NOK 490 million compared with NOK 501 million in 2014. EBITDA for 2015 was NOK 47 million compared with NOK 79 million in 2014. Operating profit before impairment for 2015 as a whole was NOK -18 million compared with NOK 26 million in 2014. Goodwill related to the business has been impaired in 2015 by MNOK 116. Operating profit in 2015 was NOK -134 million including impairment, compared with NOK 1 million in 2014. Impairment of goodwill comes as a



result of sensitivity related to intake of raw material and utilization of the raw material.

Since 2012, in collaboration with Alimar S.A, MarFood S.A was established to address the reduction of fishing quotas set by the authorities. This venture has been successful allowing FC to optimize assets and human resources. The agreement ended by 31 December, 2015, and since 1 January 2016 both companies have been operating their respective assets separately.

#### **Key initiatives and accomplishments**

In 2015, FC, along with MarFood, faced a complex year in its traditional markets, with crippling import restrictions imposed by Africa on the pelagic frozen fish sales, and in Asia for the giant squid. This required a dynamic change in both production and markets, switching to manufacturing products for alternative markets. This allowed FC to achieve financial, environmental and social goals for 2015 despite the challenges.

This resilience in capacity was a key success factor in FC, owed to a very professional and motivated team

that repeatedly shows its capability to adapt in an ever dynamic business environment.

#### **Market overview for 2015**

FC's continuous research in finding alternative markets for its main products continued in to 2015, participating actively in a R&D program through INPESCA research institute, in order to better distribute market risks evenly. Given the import restrictions in Nigeria, our main frozen pelagic market, implemented in 2014, it remained a barrier throughout 2015. However, this lead Peru to become the main market for FC's horse mackerel products. Giant squid remains an important source of raw material, and with key investments made in the processing plant to increase FC's capacity and competitive advantages.

Lastly, the fishmeal and fish oil segment experienced a buyer's market in the second half of 2015, caused by a higher than expected Peruvian quota during the second season. However, FC had good yields and fishmeal quality and a good supply of raw material from coastal vessels during 2015.

# Austral Group S.A.A

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A leading Peruvian fishing company with primary activity in industrial fishing of pelagic fish for both direct and indirect human consumption

Austral Group S.A.A (Austral) is a market leader in the areas of innovation, quality and care for the environment. Its shares are listed on the Lima Stock Exchange. Austral's main shareholder is Austevoll Seafood ASA, owning 89.35% of the shares.

Austral's primary activity is industrial fishing, including the extraction, processing and commercialization of pelagic fish for both direct (frozen, fresh and canned products) and indirect human consumption (fishmeal and fish oil).

The company operated a fleet of 20 vessels in 2015 of which 11 are equipped with RSW systems and has 4 fishmeal plants distributed along the Peruvian coast, 2 canning facilities and 1 frozen plant.

## Operational highlights for 2015

Austral's fishing operations were severely affected by the El Niño phenomenon during 2014. Its impact on the anchovy biomass drastically reduced the catches throughout the year. During 2014, only 68.1% of the first season quota of 2,530,000 MT in the Centre-North zone was caught by the industry and the second season was not opened. The El Niño phenomenon was also present during 2015, however the first season quota was set at 2,580,000 MT and the second season quota was set at 1,110,000 MT with Austral catching 100% of its quota in both cases. The latest forecast for El Niño for the coast of Peru is now moderate to weak during Q2 and Q3 in 2016.

In the South zone the government issued a quota of 375,000 MT for the first season of which 76.9% was caught

and a second season quota of 450,000 MT of which 1% was caught. As a consequence the total catch unloaded was 297,812 MT.

With regards to Direct Human Consumption, the government issued a quota of 96,000 MT of jack mackerel and of 44,000 MT of mackerel of which 21% of jack mackerel and 49% of mackerel was caught based on government estimates.

Austral unloaded in their own plants 286,058 MT of anchovy in 2015 (22% purchased from third parties) for fishmeal and fish oil production. The catch for Direct Human Consumption was limited to only 223 MT.

For 2015 in total, Austral reported a turnover of NOK 1,091 million compared with NOK 1,067 million in 2014. EBITDA for 2015 was NOK 273 million compared to NOK 180 million in 2014. Operating profit before impairment for 2015 as a whole was NOK 109 million compared with NOK 42 million in 2014. Operating profit in 2015 was NOK 117 million compared with NOK 39 million in 2014.

All volumes of fishmeal and fish oil from the second season production were carried over as stock of 19,628 MT to be sold in 2016. For comparison the company had a stock of 8,638 MT of fishmeal and fish oil going into year 2015.

## Key initiatives and accomplishments

Austral's focus in 2015 was on the fleet and plants renovation and modernisation:

In Peru, Austral has a total of 6.87% of anchovy quota in the Centre-North and 4% of anchovy quota in the South.

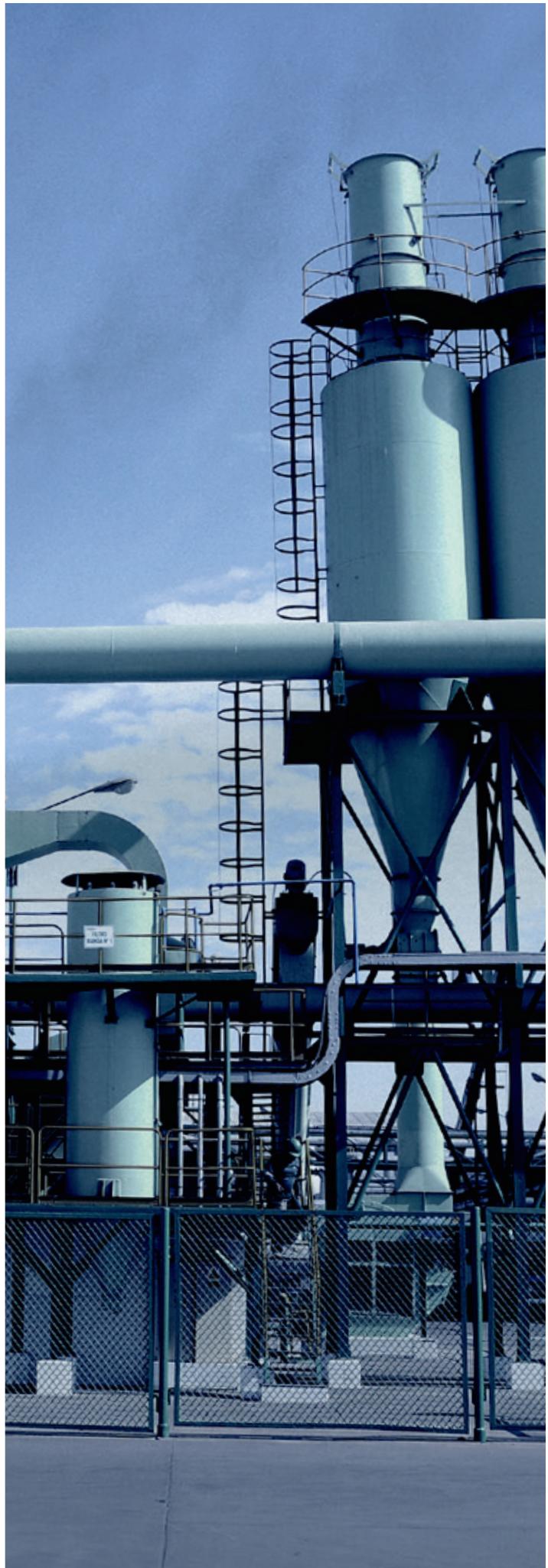
- A new vessel (Don Ole) was delivered in December 2015 with a hold capacity of 1,080m<sup>3</sup>. This is the most modern, safe and ecoefficient vessel of the entire Peruvian fishing fleet.
- Coishco fishmeal production plant capacity increase was completed. The plant's new production capacity is 160 MT per hour (previous 80 MT).
- Coishco frozen fish was adapted to be able to process up to 50 MT Giant squid per day.
- Austral achieved the highest average fishmeal price for its exports in 2015 compared to the other leading fishing companies in Peru.

#### Market overview for 2015

In 2015, fishmeal prices started from high levels due to lack of 2nd season 2014, and have since declined. However the average yearly price stands at an historical high. Fish oil prices have been very strong all year long due to world shortage and consistently stood over the USD 2,000/MT FOB mark.

China was the main market for Austral's fishmeal, 81% of sales, and Norway was the main market for Austral's fish oil, 30% of sales. Fish oil was mainly sold to Omega3 refineries with 47% of total sales.

Canned fish stock was almost exclusively sold to the domestic market with good demand but heavy competition from imported canned products which put pressure on prices.





Br. Birkeland AS owns and operates 4 modern fishing vessels and 7 salmon farming licenses in Norway.

# Br. Birkeland AS

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Headquartered in Austevoll, Norway with key business segments in fishing and salmon farming.

Br. Birkeland AS (BRBI) is owned by 49.99% of Austevoll Seafood ASA. The key business segments are fishing and salmon farming, in which BRBI owns and operates 4 modern fishing vessels and 7 salmon farming licenses in Norway.

The company operates three purse-seiner/trawlers, MS Talbor, MS Birkeland and MS Siglar for fishing of pelagic fish and one crab fishing vessel, MS Northeastern. The salmon activities are operated by its subsidiary, Kobbevik og Furuholmen Oppdrett AS (KF). KF operates 7 salmon and trout farming licenses with production in Hordaland.

## Operational highlights for 2015

By the end of 2015, the pelagic vessels caught their full quotas consisting mainly of herring, mackerel, capelin and blue whiting. All catches were sold through the mandatory auction system for Norwegian pelagic fishing vessels through Norges Sildesalgslag. The quota for blue whiting in 2015 was higher in comparison with 2014. The quotas for Norwegian spring spawning

herring (NVG herring) and mackerel were lower in 2015 compared with 2014.

Snow crab is a high value consumer product which has only recently been commercialized in Norway. In 2015 the vessel "Northeastern" had its first year of operation and has experienced a good demand for the finished product. The Atlantic salmon and trout production activities take place in Hordaland at the west coast of Norway. With regards to production, release from stock costs are at a historically high level with one factor being higher feed cost, but the major factor is the increase of cost concerning the treatment of biological factors in the region. The price achievement has been good and prices for salmon increased substantially by the end of the year.

For 2015 in total, BRBI reported a turnover of NOK 520 million compared with NOK 429 million in 2014. EBITDA for 2015 was NOK 106 million compared with NOK 92 million in 2014. Operating profit for 2015 as a whole was NOK 39 million compared with NOK 39 million in 2014.

# Pelagia Holding AS

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A driving force in product development and innovation within the pelagic industry.

Pelagia Holding AS (Pelagia) is an associated company of Austevoll Seafood ASA and a leading North Atlantic region producer and exporter of pelagic products. Pelagia is jointly owned by AUSS (50%) and Kvefi AS (Kvefi) (50%) and was established in January 2014 as a result of the amalgamation of activities within the pelagic fishmeal, fish oil and human consumption in Europe owned by the two parties.

Pelagia is headquartered in Bergen and has divided the group's core activities into two divisions; food and feed. The food division's activities focus on production, sales and marketing of fresh, frozen and marinated pelagic products. The feed division's activities focus on the production and sales of fishmeal and fish oil towards the feed industry. The company operates production facilities strategically located in close proximity to fishing grounds in Norway, UK and Ireland.

Pelagia's vision is to be the leading global supplier of pelagic fish products by capitalising on the synergy generated from the consolidation of three of the leading pelagic companies in the North Atlantic region.

## Operational highlights for 2015

For 2015 in total, Pelagia reported a turnover of NOK 6,092 million compared with NOK 5,645 million in 2014. EBITDA was NOK 717 million compared with NOK 589 million in 2014. Operating profit was in 2015 NOK 548 million compared with NOK 420 million in 2014. The total intake of raw material in 2015 was 1,310 million tonnes, an increase of one percent compared with 1,292 million tonnes in 2014. The 2015 total includes the raw material intake of Hordafos AS, an associated company of which 50% of the share capital is owned by Pelagia.

At Pelagia, we believe that the pelagic sector has great potential in product development and marketing, which has yet to be harnessed. Therefore it is a key goal for Pelagia to become the driving force in product development and innovation within the pelagic industry. The wholly integrated operational structure of Pelagia provides an optimal resource utilisation rate, where 100% of the raw material is used in the different production processes within the organisation, consequently allowing the

possibilities for further value adding.

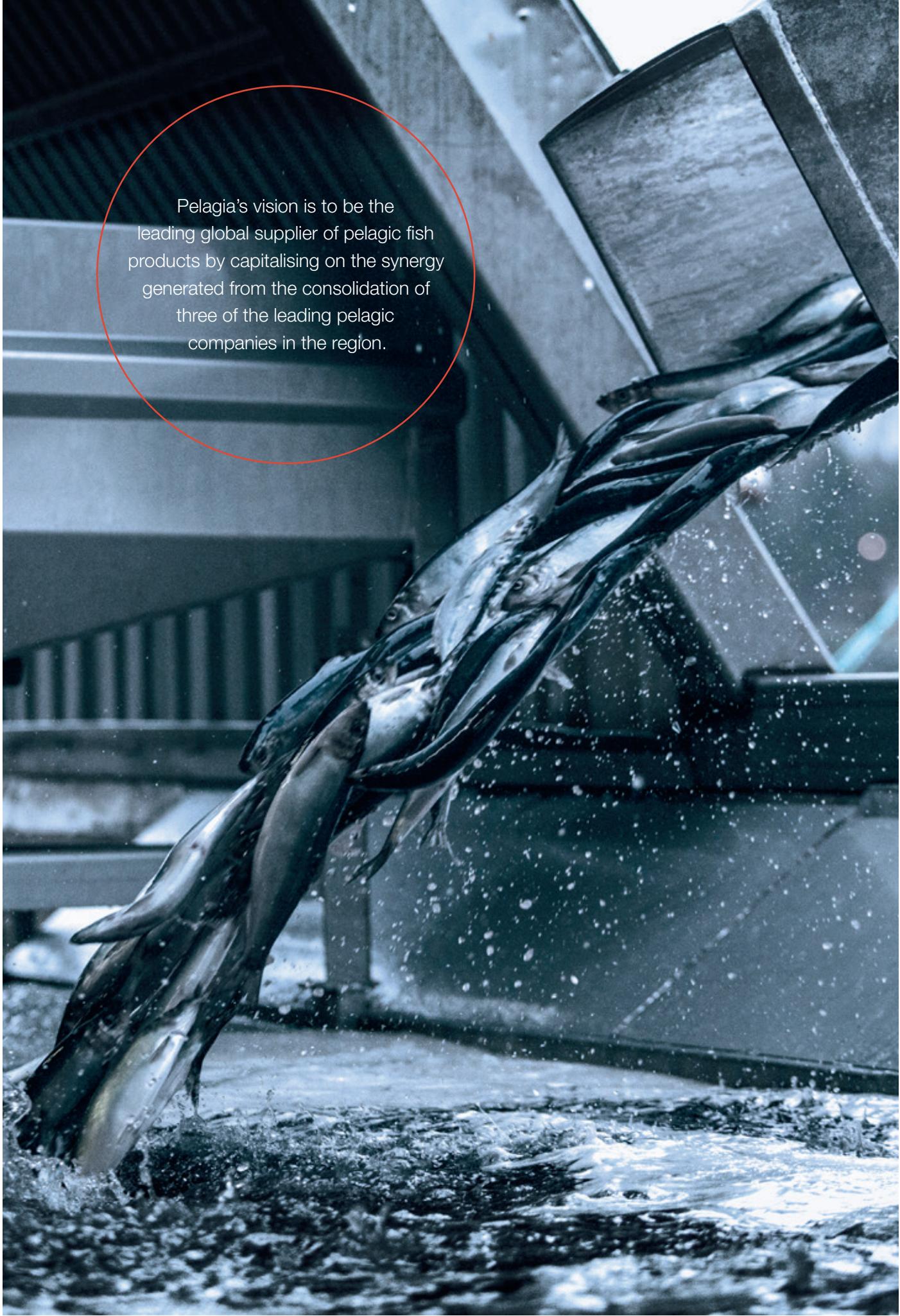
Pelagia maintains a strict position on environmental sustainability within its operating principles. All Pelagia activities are based upon the principles of sustainable exploitation of pelagic fish stocks in the ocean. Pelagia supports and engages in environmental standards for sustainable and well regulated fisheries based on sustainable stocks, minimum impact of the fisheries on their respective ecosystems and efficient management. Pelagia believes that long term profitability and survival of the industry lies in adherence to the safeguard measures in place today.

Pelagia participates in various research and development projects run by the Norwegian Seafood Research Fund (FHF), and the Norwegian Seafood Council (NSC). Through active contributions and participations, Pelagia aims to ensure that allocated funds for such projects will be used effectively.

## Market overview for 2015

The main species of raw material for the food division are mackerel, herring and capelin. The main species of raw material for the feed division are blue whiting, sand eel, Norwegian pout, capelin and trimmings from the food division's production. The food division's products are sold worldwide, while the feed division's products are mostly sold within Europe. Main seasons for intake of pelagic raw material are first and fourth quarter.

In 2015, Russia still maintains a ban on importation of Norwegian seafood, however Pelagia has implemented successful measures in diverting its products to alternative markets. A weakened Norwegian krone has been the force behind the strong competitive advantage of Norwegian seafood products in the global market. However, key markets in Africa facing currency restrictions combined with the Ukrainian currency falling against the US dollar, has resulted in increased prices for many consumers globally. Nevertheless, Pelagia is confident that its products in these markets will continue to do well against competition from alternative sources of protein.



Pelagia's vision is to be the leading global supplier of pelagic fish products by capitalising on the synergy generated from the consolidation of three of the leading pelagic companies in the region.

A photograph of a fish farm in a fjord. In the foreground, a worker in a red jacket stands on a dark metal boat, looking out over the water. The boat is part of a larger structure with multiple cylindrical buoys and a black mesh net. The water is a deep blue. In the background, there are snow-capped mountains under a clear blue sky. A red circle is drawn around the text in the upper left corner.

Our corporate social responsibility consists primarily in achieving commercial profitability without compromising on fundamental ethical values or requirements concerning environmentally sustainable operating principles.

# Environmental & social responsibility

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## AUSTEVOLL SEAFOOD ASA (AUSS)

For many years AUSS has worked actively to ensure that a strong focus on environmental attitudes and corporate social responsibility is exercised as part of daily operations.

The Board of Directors maintains a constant focus on environmental standards and corporate social responsibility and works to ensure that all the Group's employees, at all stages of production are made aware of the need to exercise strong focus on environmental standards and social responsibility in their daily work. The Group's corporate social responsibility is manifested in the local communities in which it operates. For AUSS corporate social responsibility consists primarily in achieving commercial profitability without compromising on fundamental ethical values or requirements concerning environmentally sustainable operating principles. Therefore we find it only natural that some of the important work done by our subsidiaries be contained within our report, including; Lerøy Seafood Group ASA, Austral Group S.A.A and Foodcorp Chile S.A.

## LERØY SEAFOOD GROUP ASA (LSG)

### Environment and Social Responsibility

Norway has internationally unparalleled conditions for seafood production. Few nations can boast such a rich coastal culture, where the seafood industry has played such a central role throughout history in providing for vital local communities along the coast. With the global population approaching 9 billion (by 2050), it seems perfectly natural for the increased demand for food production to be satisfied by a significant increase in fish farming.

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

LSG is organised with local management for its fish farming activities, and the local management's knowledge of and care for the local environment are of decisive importance. The Group has built robust systems for biological, environmental and economic monitoring and reporting, creating a closely knit operating community among the corporate management and local managers. LSG shall take a leading role in constantly improving the interaction between fish farming and the environment, aiming at providing a safe working environment and generating positive and lasting environmental gains.

One important aspect in our efforts to reach our environmental targets for fish farming is certification according to international environmental standards, including GLOBAL G.A.P. and the ASC standard.

This allows us to guarantee and document that our fish farming activities are the foremost in the world in terms of environmentally sustainable production and that we possess both the competencies and capacity to make progress in such an important field. LSG was the first fish farming corporation in the world to achieve ASC

certification for its entire value chain – from production to consumer. The Group is experiencing significant demand for ASC certified salmon, and has increased its production of ASC fish in 2015 to ensure continuity of supply of ASC certified products.

The following areas are of particular importance for the operational part of the Group's environmental work within fish farming activities:

- Measures to reduce salmon lice
- Fish health and fish welfare
- Work to prevent accidental release of fish
- Efficient utilisation of land and sea areas
- Reduction of discharge of nutrient salt from premises

Throughout 2015, the Group has implemented special measures within prevention of salmon lice and accidental release, based on the experience gained after hurricane Nina in January 2015.

LSG has fish farming activities in three regions: North Norway, Central Norway and West Norway. While LSG in North Norway has not experienced problems with excessive levels of salmon lice, our companies in Central Norway and West Norway have incurred higher than normal costs in 2015 in order to keep lice under the limits specified in the salmon lice regulations. This is a problem we share with the rest of the industry in these two regions. Having documented positive results with the use of lumpfish as a lice eater, LSG has decided to invest heavily in our own production of lumpfish as a cleaner fish at our facilities. In 2015, the Group has built up capacity that allows for self-sufficient supply of lumpfish in 2015. Our lumpfish strategy, in combination with other mechanical methods, ensures a substantial reduction in the use of medical treatment in 2016, aiming to eliminate all use of current medical methods within a two-year period.

In addition, the Group has invested substantial resources in development projects to strengthen sustainability within fish farming, including:

- Raw materials for fish feed
- Ensuring compliance with our requirements for sustainable and regulated fishing
- Ensuring that fish health, fish welfare and the environment are taken into account when developing and producing new raw materials for fish feed
- Contributing to the production of new marine rawmaterials for fish feed

- Development of new technology for fish farming in both fresh water and at sea
- Paving the way for improvements to bio-safety throughout the value chain, from parent fish to harvesting

The Group's fish farming companies have established a clearly defined set of goals for each main operating segment and have developed operating procedures specifically to ensure that they can reach the goals set for such important environmental work. The Group also carries out regular internal and external audits to ensure full correspondence between operating procedures and proper conduct. The Group has implemented advanced technology to secure and monitor operations. In addition, we have further developed our requirement specifications for our suppliers, aiming to promote their active participation towards achievement of our environmental targets.

For LSG, it is essential to maintain a focus on the entire concept of sustainability, a concept that encompasses not only the environment, but also social and economic factors. Our industry plays a significant role within society, and LSG in Norway aims to take its social responsibility very seriously, and to ensure that the social benefits provided by our activities are safeguarded by maintaining robust and profitable businesses, providing spin-off effects within local communities and having a clear environmental management within fish farming.

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

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

#### **Ethics and social responsibility**

LSG is a corporation involved in global business and working relationships with suppliers and subcontractors worldwide. In order to safeguard all our activities, we have prepared a set of ground rules which apply to us and our partners on a daily basis. LSG's ethical guidelines have been reviewed by the Board of Directors and implemented in every Group company. LSG is responsible for ensuring practice of these ethical guidelines, but each

employee also bears an individual responsibility to follow the guidelines when carrying out tasks for LSG. LSG management is responsible for ensuring full practice of and compliance with the ethical guidelines.

The set of ground rules has been divided into two separate areas and comprises the following:

Part 1: Factors relating to the company, suppliers and subcontractors.

Part 2: Factors relating to the individual employee.

Key words for the contents of the ethical guidelines:

- Ethical requirements on suppliers and subcontractors
- Requirements on regulation of working conditions for employees
- The rights of the company's employees, employees of suppliers and subcontractors
- HSE aspects
- Forced labour/discrimination
- Exploitation of resources and impact on local environment
- Corruption
- Notification of censurable conditions
- Ethical guides for employees representing the company outside the workplace

LSG is fully committed to developing the local communities where the Group are located, and aims to generate increased earnings for these communities by purchasing the highest ratio possible of local goods, equipment and services. LSG's companies purchased goods, equipment and services in Norway totalling NOK 11 billion in 2015. The figures show that the Group purchased these goods, equipment and services from a total 295 different municipalities. In 2015, the Group had facilities located in 52 different Norwegian municipalities. LSG's employees paid income tax totalling NOK 236 million to 131 different municipalities. Based on activities over the past seven years, LSG as a corporation has paid NOK 1.8 billion in tax. As such, we make an important contribution towards sustaining a number of local communities and workplaces in many different parts of Norway.

LSG compiles GRI reports, according to the Global Reporting Initiative. This report can be downloaded from the company's website, [www.lsg.no](http://www.lsg.no).

As a corporation, LSG has decided to support activities related to children and young people in local communities.

Diet, health and healthy eating are important elements in our efforts to help children and young people, and are essential for young people if they want to achieve

their goals. It is therefore always a great pleasure to see children and young people enjoying healthy seafood at different events and in different contexts.

(Source: LSG) For full report download from the company's website: [www.lsg.no](http://www.lsg.no).

## AUSTRAL GROUP S.A.A (AUSTRAL)

### Quality management model

Austral is one of the few worldwide companies and the first Latin-American fishing company with an "Integrated Quality Management System" which complies with 09 international standards for Quality, Safety and Environmental Management applied to our production plants and fishing fleet.

The Environmental Management model is based on four integrated standards: ISO 14001:2004 Environmental Management System, DOLPHIN SAFE (System for the Control of Indiscriminate Fishing and Protection of the Marine Ecosystem), FRIENDS OF THE SEA (System of Marine Foodstuffs Sourced from Sustainable Fisheries Certification) and IFFO RS (Global Standard for Responsible Supply) for all our fishmeal and fish oil production plants.

The Environmental Management model is complemented by five other international standards since 2002: ISO 9001:2008 Quality Management System, FEMAS (Feed Materials Assurance Scheme), BRC (Foodstuffs Quality Management System), BASC (Business Alliance for Secure Commerce) and OHSAS 18001 (Occupational Health and Safety Management) which Austral was certified in January 2016. Additionally Austral's production plants and products comply with national and international regulations such as the FDA (Federal Regulation for Drug and Foodstuffs) and the SANIPES (National Regulation Agency).

### Environmental programs and goals in 2015

Several environmental management programs have been developed during 2015. Austral is applying improvements to the waste and pollution management, reducing particle emissions of the dryers, decreasing the electrical power consumption in production plants and applying improvements to make the effluent treatment more efficient. Furthermore, Austral periodically monitors the combustion gas emission sources (boilers and internal combustion engines), air quality, noise quality and air emissions from the production plants, in order to determine how the Group's operations are affecting the environment.

Emissions and air quality are monitored during the production process. Austral has been implementing effluent programs in every production plant to comply with the

LMP (maximum allowed limit) established by the Peruvian environmental legal regulations. Furthermore, periodical controls of combustion gases' emissions are performed along the fishing fleets.

As part of the environmental management model, Austral formulated four environmental indicators:

- 1) Industrial effluents LMP compliance
- 2) Gas emissions LMP compliance
- 3) Non-hazardous solid waste management
- 4) Fleet combustion gases' emission control

### **Social responsibility**

Austral works under a sustainability approach, which is reflected in a management model that channels each of the actions and processes of the company, taking into account the impact on all our stakeholders and on our society.

In the annual survey of 2015 Business Monitor of Corporate Reputation, Austral was once again included in the list of the 100 companies with the best corporate reputation in Peru. Austral achieved position 78th in the Ranking of the Companies with the best corporate reputation in Peru (climbed 8 positions compared to the previous year) and the position 36th in the ranking of the 100 companies with Mayor Social Responsibility and Best Corporate Governance (climbed 19 positions compared to the previous year). For the first time, Austral was ranked 96th among 100 companies with the "Best Talent Management".

Austral seeks to be an agent of sustainable development, carrying out projects that benefit both the company and its stakeholders and at the same time striking a balance between sustainability and profitability.

All programs, projects and campaigns of social responsibility from the company, respond to three courses of action:

- Nutrition and Health
- Education and Employment
- Environment

Based on this management model in 2015 the following projects have been developed:

#### **"Growing together"**

##### **Development Project for Local Artisan Fishermen**

This program focuses on the development of artisanal fishermen who live in the communities surrounding our plants. In 2015 we helped in the formalisation of more than 150 artisanal fishermen, providing technical and financial support to enable them to have their license fisherman. We also began the process of formalising approx. 30 fishermen

through a microenterprise and small business, which can engage in economic activities as fishing, tourism and various items, so they can expand their job opportunities.

#### **"Let's move Coishco" Program**

Austral has developed the "Let's move Coishco" Program with the aim of promoting sports, cultural and recreational activities to prevent young people fall into delinquency and gangs.

In 2015 we made an agreement with the District Municipality Coishco in order to have greater reach and impact on society. It ran from June 2015 to December 2015 and was attended by over 500 children and youth of the town. The program included the following activities: dance classes, theater, football, volleyball, boxing and reading comprehension.

#### **Nutrition program: "Let's eating well"**

Austral, for the third year and in partnership with the NGO World Vision, initiated the nutrition program "Let's eating well" in 4 settlements in the south of Chancay. There are 300 children of 0-5 year participating in the program and who through the promotion of a balanced diet that included eating fish at least twice a week, going to get out of the anemia and malnutrition. This program will last two years.

#### **"Fish your scholarship" Program**

In 2015 Austral benefited 9 students from Coishco and Chancay (children of our employees and community youth), with scholarships for internships within our company.

#### **"Austral Green" Environmental Campaigns**

These campaigns are oriented to become conscious of our role as a business and community members in the care of environment through specific actions of our partners with authorities and members of the communities. During 2015, Austral participated in the celebration of "Environment Day". We also conducted an internal contest called "Green Challenge" in which our employees have to show significantly reduced water consumption and energy in their homes, for three months.

#### **Corporate Volunteering**

Austral made corporate volunteering at the College of Lima REMAR benefiting more than 200 children and youth. Through the campaign "Adopt a Child" collaborators of Austral participated in the donation of a gift for each children. This activity also involved the Peruvian Chamber of Nordic Trade, which further instilled the values of cleanliness and hygiene activity.

### Community relations

Throughout 2015, Austral has made several community relations activities for the residents of the towns. One of the most representative activities was the Christmas activities, which take place every year in Coishco, Chancay, Pisco and Ilo and benefits more than 2,000 children. In 2015 Austral also achieved a major recognition of the community by winning “The Gold Anchovy” in the town of Chimbote, in an environmental contest in which we represent the Coishco District.

### Human rights

Since 2012 Austral is member of The Global Compact Program, through which Austral aligns its operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and Anti-Corruption set by the United Nations. In addition, in 2013, Austral was one of the first 16 Peruvian companies that signed the Business Commitment to the Prevention and Eradication of Child Labour promoted by the Global Compact and CONFIEP. By joining this initiative, Austral is part of a movement replicated in Latin America and the Caribbean and is positioned in the front line in the struggle against child labor, which affects 1.7 million children in Peru and 215 million children worldwide.

### Anti-corruption program

Austral is committed to maintaining a strict anti-corruption policy in its business.

During 2015, Austral have reviewed and updated the Manual of Ethics and Values to incorporate the concept of the Group's Anti-fraud and Anti-corruption Policy. This document also includes a Whistleblowing and Anti-retaliation Policy which protects the complainant from any kind of reprisals or victimization. A Conflict of Interest Guideline was also included with objectives in how to transparently and properly manage all issues regarding conflicts of interests. Lastly the Response after fraud protocol was formulated to include the necessary steps towards conducting a successful investigation in the event of a complaint of fraud or corruption. The Austral Anti-fraud and Anti-corruption Policy are based on the FCPA (Foreign Corrupt Practice Act) U.S. law and the COSO methodology was approved by the Audit Committee.

Through communication activities at both the headquarters and at each worksite, Austral employees are informed regarding company anti-corruption policies and directives. Every new employee receives an induction course that covers these topics. In addition, Austral has an internal reporting channel that allows employees to anonymously report potential violations of company policies and values.

### FOODCORP CHILE S.A. (FC)

At FC, environment and social responsibility activities are fully integrated in all industrial and administrative processes. It is managed as a business vision generating value for the company.

In 2015, FC continued to focus on MarFood, advancing in the culture integration program reported previous year. Through the reinforcement of training and workshops to all FC and MarFood employees the program achieved a successful adoption of FC's Environmental and Social Responsibility program (ESR).

The current ESR program was established as an organisational culture in 2006 and is aligned with the United Nation's Global Compact Program. The ESR aligns all activities and strategies within 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption standards set by the United Nations. The program is divided into Internal (employees) and External (local community) chapters. The ESR program runs under the leadership of a CSR Committee formed by a group of volunteer workers from all areas and corporate levels.

The program's internal chapter continued to be focused on safe and healthy working environments, as a primary all year round activity of a very active participation of the “Health and Incident Prevention Committee”. Secondary activities such as medical preventive checkup program and drug prevention programs were also carried out.

The external chapter of our ESR program focused on FC's long-term support of local public schools and schools for children with disabilities. This support is done with a close relationship with neighbouring communities and the municipal and regional government. Through the Industrial Fishing Association, FC is directly involved in additional community and environmental programs, such as fishmeal plant odour control through monitoring and testing on technical solutions, successful improvements to fish transport systems and sustainable fisheries programs.

The “IFFO RS”, responsible fishmeal and fishoil supplier certification from the leading organisation concerning marine ingredients is now fully integrated in all areas of operation.

Lastly at FC our corporate social responsibility remains focused on achieving commercial profitability without compromising on fundamental ethical values or requirements concerning environmentally sustainable operating principles.

(Source: Austral Group S.A.A)



# Corporate Governance

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## 1. INTRODUCTION

### 1.1 Background

AUSTEVOLL SEAFOOD ASA (“AUSS” or the “Company”), the parent company in AUSS’ group of companies (“The Group”), is established and registered in Norway and subject to Norwegian law, hereunder corporate and other laws and regulations. The Company’s aim is to observe all relevant laws and regulations, and the Norwegian recommendation for corporate governance. This also applies for all other companies within the Group, and consequently this document applies to the extent reasonable for all companies therein.

The Company’s Board of Directors adopted in its meeting held on 29 August 2006 a document which largely and in principle adhered to the then applicable Corporate Governance standard, with a few deviations. The Board of Directors have later examined revised versions of the Corporate Governance standard, published by the Norwegian Committee for Corporate Governance (NUES), latest standard published on 30 October, 2014. The Board has approved and adopted this document as the Company’s Corporate Governance Policy to reflect the will of AUSS to fully comply with the Corporate Governance recommendations from NUES. The Company will act in compliance with laws and regulations as applicable from time to time in respect of handling and control of insider trading rules and information to the shareholders and the market.

### 1.2 Objective

This governing document contains measures which have been and will be implemented to secure efficient management and control of the activities of the Company. The main objective is to establish and maintain systems for communication, surveillance and incentives which will increase and maximize the financial results of the Company, its long term soundness and overall success, and investment return for its shareholders. The development and improvement of the Company’s Corporate Governance is a continuous and important process, on which the Board of Directors and the Executive Management keep a keen focus.

### 1.3 Rules and regulations

The Company is a public limited company listed on the Oslo Stock Exchange.

In that respect the Company is subject to the corporate governance regulations contained in the Public Limited Companies Act 1997 (asal.), the Securities Trading Act 2007 (vphl), the Stock Exchange Act with regulations (børsreg) and other applicable legislation and regulations, including the NUES recommendations.

### 1.4 Management of the Company

Management of and control over the Company is divided between the shareholders, represented through the general meeting of the shareholders, the Board of Directors and the Managing Director (CEO) in accordance with applicable legislation. The Company has an external and independent auditor.

### 1.5 Implementation and reporting on Corporate Governance

The Board of Directors must ensure that the company implements sound corporate governance.

The Board of Directors must provide a report on the company’s corporate governance in the directors’ report or in a document that is referred to in the directors’ report. The report on the Company’s corporate governance must cover every section of the Code of Practice. If the Company does not fully comply with this Code of Practice, the Company must provide an explanation of the reason for the deviation and what alternative solution it has selected.

The Board of Directors should define the company’s basic corporate values and formulate ethical guidelines and guidelines for corporate social responsibility in accordance with these values.

The Board has decided to follow the Norwegian Recommendation for Corporate Governance and the Group has drawn up a separate policy for Corporate Governance.

AUSS takes a very conscious approach to its responsibility for ethical conduct, society at large and the environment. The Company has prepared a set of ethical guidelines for Group employees, aiming to establish common principles and regulations which govern all employees within AUSS and its subsidiaries. The Group’s ethical guidelines for conduct reflect the values represented by the Group and guide the employees to make use of the correct principles for business conduct,

impartiality, conflict of interest, political activity, entertaining customers, processing information and duty of confidentiality, relationships with business partners, corruption, whistle blowing, bribes etc. Each employee is individually responsible for practising the ethical guidelines. The Company has prepared an Ethics Test for employees which will help them to make the right decisions whenever needed. The company management is responsible for ensuring compliance with the regulations.

The Company's goal is to contribute towards improving human rights, labour rights and environmental protection, both within the Group, in relation to suppliers and subcontractors; in addition The Board of Directors report has a paragraph on Social, health, safety and the environment. In the Company's annual report content of the environmental and social responsibility for the largest subsidiaries can be found in the chapter Environmental and Social responsibility.

*Deviation from the Recommendations: None.*

## 2. BUSINESS

The Company's business shall be clearly defined in its Articles of Association.

The Company should have clear objectives and strategies for its business within the scope of the definition of its business in its articles of association.

The annual report should include the business activities clause from the Articles of Association and describe the company's objectives and principal strategies.

The objective of the company is to be engaged in production, trade and service industry, including fish farming, fishing operations and ship owning business and any business related thereto, including investments in other companies with similar objects.

These statements appear in § 3 of Austevoll Seafood ASA's articles of associations.

*Deviations from the Recommendations: None*

## 3. EQUITY AND DIVIDENDS

The company should have an equity capital at a level appropriate to its objectives, strategy and risk profile.

The Board of Directors should establish a clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting. The dividend policy should be disclosed.

The background to any proposal for the Board of Directors to be given a mandate to approve the distribution of dividends

should be explained.

Mandates granted to the Board of Directors to increase the Company's share capital should be restricted to defined purposes. If the general meeting is to consider mandates to the Board of Directors for the issue of shares for different purposes, each mandate should be considered separately by the meeting. Mandates granted to the Board should be limited in time to no later than the date of the next annual general meeting. This should also apply to mandates granted to the Board for the Company to purchase its own shares.

**Equity:**

The company's need for financial strength is considered at any time in the light of its objective, strategy and risk profile. The Board of Directors considers consolidated equity to be satisfactory.

**Dividend policy:**

The goal is, over time, to pay out 20% to 40% of the Group's net profit (ex. fair value adjustment of biological assets) as dividends.

**Capital increase:**

The Board has the authority until the ordinary general meeting in 2016 to increase the share capital by issuing up to 20,271,737 shares.

**Purchase of treasury shares:**

The Board has the authority, until the ordinary general meeting in 2016, to purchase treasury shares in Austevoll Seafood ASA limited to 10% of the company's share capital. Shares may not be purchased for less than NOK 20 per share, and no more than NOK 150 per share.

At 31 December 2015, AUSS directly owned no treasury shares. Through its ownership of 49.99% in Br. Birkeland AS, AUSS indirectly owns treasury shares by 31 December 2015. Br. Birkeland AS owns 1,722,223 shares in AUSS.

*Deviations from the Recommendations: None*

## 4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The company should only have one class of shares.

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the Board of Directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the Board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the Company's shares, the Company should consider other ways to ensure equal treatment of all shareholders.

In the event of any not immaterial transactions between the Company and shareholders, a shareholder's parent company, members of the Board of Directors, Executive Personnel or close associates of any such parties, the Board should arrange for valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

The Company should operate guidelines to ensure that Members of the Board of Directors and Executive Personnel notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

**Class of shares:**

Austevoll Seafood ASA has only one class of shares. The articles of associations place no restrictions on voting rights. All shares are equal.

**Trading in treasury shares:**

The Board's authorisation to acquire treasury shares is based on the assumption that the acquisition will take place in the open market. Acquired shares may be disposed in the market or used as payments for acquisitions.

**Transactions between related parties:**

See note 32 for related party transactions.

*Deviations from the Recommendations: None*

## 5. FREELY NEGOTIABLE SHARES

The Company's shares must, in principle, be freely negotiable. Therefore, no form of restriction on negotiability should be included in a company's articles of association.

The articles of association place no restrictions on negotiability. The shares are freely negotiable.

*Deviations from the Recommendations: None*

## 6. GENERAL MEETINGS

The Board of Directors should take steps to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the company, and

that general meetings are an effective forum for the views of shareholders and the board.

**Such steps should include:**

- making the notice calling the general meeting and the support information on the resolutions to be considered at the general meeting, including the recommendations of the nomination committee, available on the company's website no later than 21 days prior to the date of the general meeting.
- ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting
- setting any deadline for shareholders to give notice of their intention to attend the meeting as close to the date of the meeting as possible
- the Board of Directors and the person chairing the meeting making appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the Company's corporate bodies
- ensuring that the members of the Board of Directors and the nomination committees and the auditor are present at the general meeting
- making arrangement to ensure an independent chairman for the general meeting.

Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The Company should:

- provide information on the procedure for representation at the meeting through a proxy,
- nominate a person who will be available to vote on behalf of shareholders as their proxy
- to the extent possible prepare a form for the appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election.

By virtue of the Annual General Meeting, the shareholders are guaranteed participation in the Groups supreme governing body. The following matters shall be discussed and resolved at the annual general meeting:

- Adoption of the annual financial statement and the annual report, including distribution of dividends.
- Any other matters which by virtue of law or the articles pertain to the general meeting.

**Notification:**

The annual general meeting shall be held each year no later than six months after the end of each financial year. Notification shall be sent out within the deadlines in the Code of practice and relevant documentation is available on the Group's website at least 21 days prior to the general meeting. The Financial Calendar is published on the internet and

through a notification to Oslo Stock Exchange.

#### **Participation:**

It is possible to register by post, telefax or e-mail. Shareholders who cannot attend the meeting can authorise a proxy, and the system facilitates the use of proxies on each individual item for discussion.

*Deviations from the Recommendations: In 2015 four out of the seven Board members attended the General meeting. In 2015 none of the members of the nomination committee attended the General meeting.*

## **7. NOMINATION COMMITTEE**

The company should have a nomination committee, and the general meeting should elect the chairperson and members of the nomination committee and should determine the committee's remuneration.

The nomination committee should have contact with shareholders, the Board of Directors and the company's executive personnel as part of its work on proposing candidates for election to the Board.

The nomination committee should be laid down in the Company's Articles of Association. The general meeting should stipulate guidelines for the duties of the nomination committee.

The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the Board of Directors and the executive personnel. At least one member of the nomination committee should not be a member of the corporate assembly, committee of representatives or the Board. No more than one member of the nomination committee should be a member of the Board of Directors, and any such member should not offer himself for re-election to the Board. The nomination committee should not include the company's chief executive or any other executive personnel.

The nomination committee's duties are to propose candidates for election to the corporate assembly and the Board of Directors and to propose the fees to be paid to members of these bodies.

The nomination committee should justify its recommendations.

The company should provide information on the membership of the committee and provide suitable arrangements for shareholders to submit proposals to the committee for candidates for election.

According to the Articles of Association § 6 the company shall have a nomination committee. The nomination committee shall issue a proposal to the general meeting regarding the election of shareholder elected Board members. The nomination committee shall consist of three members. The members of the committee shall be elected by the company's annual general meeting, which also appoints the committee's chairman. The members of the nomination committee are elected by the general meeting for terms of two years at a time. The general meeting determines the remuneration of the committee's members.

#### **Composition:**

The current committee was elected on the AGM on May 23rd 2014 and consists of:

**Harald Eikesdal**, Mr. Eikesdal is a lawyer with the firm Eikesdal. Harald Eikesdal previously held a position as Divisional Head with the Norwegian Ministry of Finance and as a deputy judge and notary public at Haugesund Magistrates Court. Mr. Eikesdal serves as the Deputy Chairman of Laco AS.

**Nils Petter Hollekim**, Mr. Hollekim has a degree in Business Administration and has worked as an administrator/analyst for Norwegian fund management companies for 29 years. He has spent the past 15 years working as a portfolio manager for ODIN Forvaltning AS. The last 5 years Mr. Hollekim has been a self-employed consultant and investment manager.

**Anne Sofie Utne**, Ms. Utne holds a Master of Economy from the Norwegian University of Life Sciences (Norges Miljø- og Biovitenskapelige Universitet).

She holds the position as Senior Manager in BDO AS in Trondheim, and has a central position in developing BDO's strategy and excellence in services and consulting activities for the Aquaculture /Seafood Industry.

Most recently Ms. Utne served as a business advisor for seven years within the Norwegian aquaculture industry through her fully owned consulting company Kauna AS. Previously she held the position as head of the Aquaculture department of a branch specialist unit in DNB Bank ASA. Ms. Utne has extensive experience in financial transactions related to national and international corporations within the aquaculture industry.

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

*Deviations from the Recommendations: None.*

## 8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Where a company has corporate assembly, the composition of the corporate assembly should be determined with a view to ensuring that it represents a broad cross-section of the Company's shareholders.

The composition of the Board of Directors should ensure that the Board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the Board can function effectively as a collegiate body.

The composition of the Board of Directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the board should be independent of the company's executive personnel and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s).

The Board of Directors should not include executive personnel. If the Board does include executive personnel, the Company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the Board, including the use of board committees to help ensure more independent preparations of matters for discussion by the Board, cf. Section 9.

The Chairman of the Board of Directors should be elected by the general meeting so long as the Public Companies Act does not require that the Chairman must be appointed either by the corporate assembly or by the Board of Directors as a consequence of an agreement that the Company shall not have a corporate assembly.

The term of office for members of the Board of Directors should not be longer than two years at a time.

The annual report should provide information to illustrate the expertise of the members of the Board of Directors, and information on their record of attendance at board meetings. In addition, the annual report should identify which members are considered to be independent.

Members of the Board of Directors should be encouraged to own shares in the Company.

### Composition of Board of Directors:

According to the Articles of Association § 6 The Company's Board of Directors shall consist of 5 – 7 directors elected by the shareholders. Austevoll Seafood ASA has endeavoured to adapt directors' backgrounds, competence, capacity and affiliation to

the Group's business activities and its need for diversity.

The Board of Directors consists of the following persons:

#### **Helge Singelstad (1963), Chairman**

Helge Singelstad has been member of the Board since 2008, and has been the Chairman of the Board since May 2010. Mr. Singelstad is the CEO in Laco AS. He holds a degree in Computer Engineering from Bergen University College (HiB), a degree in Business Administration from the Norwegian School of Economics (NHH) and a 1st degree of Law from the University of Bergen (UiB). He serves on numerous Boards of Directors, and is Chairman of the Board at Lerøy Seafood Group ASA and Pelagia Holding AS. Mr. Singelstad has extensive experience from various types of businesses such as oil & gas and seafood sector.

#### **Oddvar Skjegstad (1951), Deputy Chairman**

Oddvar Skjegstad has been member of the Board since 2006 and has served as the Deputy Chairman since May 2010. Mr. Skjegstad has a degree as Master of Business Administration from Norwegian School of Economic (NHH). He is self-employed and has a wide experience from executive positions in public administration, banking and other industrial activities. Mr. Skjegstad holds board positions in companies within several different business sectors.

#### **Lill Maren Møgster (1984), Member of the Board**

Lill Maren Møgster has been member of the Board since 2012. Ms. Møgster is one of the main owners in Laco AS, the main shareholder of Austevoll Seafood ASA and DOF ASA. Ms. Møgster is educated Bachelor of Management from the Norwegian Business School (BI). She works as controller in Hallvard Lerøy AS. Ms. Møgster is experienced within sales and accounting after having worked in various subsidiaries of Laco AS since 2007. She holds board positions in several companies.

#### **Inga Lise L. Moldestad (1966), Member of the Board**

Inga Lise L. Moldestad has been member of the Board since 2006. From the Norwegian School of Economic (NHH) Ms. Moldestad has a four year program in Economics and Business Administration consisting of three years at Bachelor/undergraduate level and one year at Master/graduate level. She holds a Master degree in Auditing and Accounting from NHH. Ms. Moldestad is the Executive Vice President and partner of Holberg Fondsforvaltning (a Bergen based fund management company). Having worked at Holberg, Unibank, Skandia and Vesta in the past, Ms. Moldestad has extensive experience within the asset management industry, and from auditing and consulting after working with Arthur Andersen and Ernst & Young.

#### **Helge Møgster (1953), Member of the Board**

Helge Møgster has been member of the Board since the company was founded in April 1981, and served as Chairman of the Board until May 2006. Mr. Møgster is one of the main owners in Laco AS, the main shareholder of Austevoll Seafood ASA and DOF ASA. Mr. Møgster has extensive experience from all aspects of the fisheries sector. Additionally he knows the offshore service sector very well. He is holding board positions in several companies.

#### **Siren Merete Grønhaug (1965), Member of the Board**

Siren Merete Grønhaug has been member of the Board since 2014. Ms. Grønhaug is educated Corporate Economist from the Norwegian School of Economics (NHH), and has additional education through the AFF Solstrand Programme and the Norwegian Business School (BI). She is the CFO at Hallvard Lerøy AS with broad knowledge in the seafood sector after many years of experience at executive levels in Hallvard Lerøy AS. Ms. Grønhaug has extensive board experience from various companies in Lerøy Seafood Group ASA.

#### **Leif Teksum (1952), Member of the Board**

Leif Teksum has been member of the Board since 2014. Mr. Teksum holds a Master degree in Economics and Business Administration from the Norwegian School of Economics (NHH). Mr. Teksum retired in 2014 after 33 years of service for Norway's biggest bank – DNB Bank ASA. For 22 years he was part of DNB's Group Management, during which time he for a period of more than 10 years was responsible for the Group's international business, and the bank's large corporate clients. Mr. Teksum is a professional board member in a variety of companies and has extensive experience from holding board positions. In 2015 he established a new corporate advisory boutique (Vest Corporate Advisors AS) together with three other partners.

#### **The Boards autonomy:**

Except for the Chairman Helge Singelstad, Lill Maren Møgster and Helge Møgster, all members of the Board are independent of the Company's major shareholders, the Company's management and the Company's main business relations. There are no conflicts of interest between any duties to the Company of the members of the Board or the Company's management, and their private interests or other duties.

No members of Group management are Directors.

#### **Directors' ownership of shares:**

- Helge Singelstad owns 50,000 shares in the company.
- Oddvar Skjegstad owns, through Rehua AS, 55,000 shares in the company.
- Helge Møgster owns shares indirectly through Laco AS.

- Inga Lise L. Moldestad owns, through Ingasset AS, 40,000 shares in the company.
- Lill Maren Møgster owns shares indirectly through Laco AS.
- Leif Teksum owns 5,000 shares in the company.

#### ***Deviations from the Recommendations: None.***

### **9. THE WORK OF THE BOARD OF DIRECTORS**

The Board of Directors should produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation.

The Board of Directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

In order to ensure a more independent consideration of matters of a material character in which the Chairman of the Board is, or has been, personally involved, the Board's consideration of such matters should be chaired by some other member of the Board.

The Public Companies Act stipulates that large companies must have an audit committee. The entire Board of Directors should not act as the company's audit committee. Smaller companies should give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent.

The Board of Directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the Board who are independent of the company's Executive personnel.

The Board of Directors should provide details in the annual report of any board committees appointed.

The Board of Directors should evaluate its performance and expertise annually.

In total 7 Board meetings have been arranged during 2015. Helge Singelstad, Oddvar Skjegstad, Lill Maren Møgster and Siren Grønhaug have attended all meetings. Helge Møgster, Inga Lise L. Moldestad and Leif Teksum have attended six of the seven meetings.

#### **Board responsibilities:**

Norwegian law lays down the tasks and responsibilities of the Board of directors. These include overall management and supervision for the company. Towards the end of each year the

Board adopts a detailed plan for the following financial year. This plan covers the follow-up of the company's operations, internal control, strategy development and other issues. The company complies with the deadlines issued by Oslo Stock Exchange with regards to interim reports.

#### **Instructions to the Board of Directors:**

The Board's instructions are extensive and were last revised on 28.03.2008. The instructions cover the following points: the Board's responsibilities and obligations, the CEO's information obligations to the Board, and the procedures of the Board.

#### **Use of Board committees:**

The Nomination Committee is governed by the Articles of Association. The Board established an Audit Committee at the end of 2008. The committees are solely responsible to the full corporate Board and their authority is limited to making recommendations to the Board, however the Nomination Committee makes recommendations for election of Board Members to the general meeting of shareholders.

#### **Audit committee:**

The Audit committee has responsibilities related to financial reporting, the independent auditor and risk management and consists of two Board members. The independent auditor usually attends the meetings. The CEO and other directors are entitled to attend if the audit committee so desire.

Members: Oddvar Skjegstad and Inga Lise L. Moldestad

#### **The Board's self-evaluation:**

Each year, a special Board meeting shall be organised on topics related to the Group's operations and the Board's duties and working methods.

*Deviations from the Recommendations: None.*

## **10. RISK MANAGEMENT AND INTERNAL CONTROL**

The Board of Directors must ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. Internal control and the systems should also encompass the company's corporate values, ethical guidelines and guidelines for social responsibility.

The Board of Directors should carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

#### **Internal control and risk management:**

The Group's activities are varied, depending on each unit's position in the value chain, and consequently require differentiated forms of management and follow-up.

Good internal management systems are essential for success, and these must be continuously developed in order to accommodate changing economic conditions. The internal control is based on daily and weekly reports that are summarised into monthly reports tailored to the individual company, while at the same time providing satisfactory reporting at Group level. There is an emphasis on the importance of uniform reporting procedures and formats in order to ensure correct reporting from all units and up to an aggregate level.

#### **Review by the Board of Directors**

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

#### **Description of the main elements of risk management and internal control related to financial reports**

Internal control within the Group is based on the recommendation from the "Committee of Sponsoring Organizations of the Treadway Commissions" (COSO), and covers control environment, risk assessment, control activities, information and communication, and monitoring. The content of these different elements is described in detail below.

#### **Control environment**

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

#### **Guidelines for financial reporting**

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

#### **Organisation and responsibility**

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

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

The audit committee shall monitor the process of financial reporting and ensure that the Group's internal control and risk management systems function efficiently. The audit committee shall also ensure that the Group has an independent and efficient external auditor.

The financial statements for all companies in the Group are audited by an external auditor, within the framework established in international standards for auditing and quality control.

#### **Risk assessment**

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

#### **Control activities**

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

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

The Chief Accountant for the Group provides guidelines for financial reporting to the different Group entities.

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

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

#### **Review by the Group management**

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

#### **Reviews by the audit committee, Board and general meeting**

The audit committee and Board review the Group's financial reports on a quarterly basis. During such reviews, the audit committee has discussions with the management and external auditor. At least once a year, the Board holds a meeting with the external auditor, without the presence of the administration.

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

#### **Information and communications**

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

### **MONITORING**

#### **Reporting entities**

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

#### **Group level**

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

#### **External auditor**

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

#### **The Board of Directors**

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

#### ***Deviations from the Recommendations: None***

### **11. REMUNERATION OF THE BOARD OF DIRECTORS**

The remuneration of the Board of Directors should reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

The remuneration of the Board of Directors should not be linked to the Company's performance. The company should not grant share options to members of its board.

Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the Board.

Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

*Deviations from the Recommendations: None*

The Directors fees are decided by the AGM. The Directors' fees are not linked to the company's performance.

Leif Teksum has during 2015 had an assignment for the company and received a fee in addition to the normal director's fee. None of the other Board members have during 2015 had assignments for the company in addition to being members of the board.

*Deviations from the Recommendations: None*

## **12. REMUNERATION OF THE EXECUTIVE MANAGEMENT**

The Board of Directors is required by law to prepare guidelines for the remuneration of the executive personnel. These guidelines are communicated to the annual general meeting. The Board of Directors statement on the remuneration of executive personnel should be a separate appendix to the agenda for the general meeting. It should also be clear which aspects of the guidelines are advisory and which, if any, are binding. The general meeting should vote separately on each of these aspects of the guidelines.

The guidelines for the remuneration of the executive personnel should set out the main principles applied in determining the salary and other remuneration of the executive personnel. The guidelines should help to ensure convergence of the financial interests of the executive personnel and the shareholders.

Performance-related remuneration of the executive personnel in the form of share options, bonus programmes or the like should be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, should incentivise performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration should be subject to an absolute limit.

The remuneration policy for the executive management is determined by the Board of Directors and communicated to the annual general meeting. The guidelines regarding the remuneration are approved by the AGM. See note 27 for guidelines for remuneration to executive management.

The existing remuneration policy, each year subject to approval by guiding vote in the AGM, allows performance-related remuneration. The executive management has currently no such remuneration.

## **13. INFORMATION AND COMMUNICATIONS**

The Board of Directors should establish guidelines for the company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The company should publish an overview each year of the dates for major events such as its annual general meeting, publication of interim reports, public presentations, dividend payment date if appropriate etc.

All information distributed to the company's shareholders should be published on the company's web site at the same time as it is sent to shareholders.

The Board of Directors should establish guidelines for the company's contact with shareholders other than through general meetings.

The Company strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties. The Company has presented quarterly reports with financial information since 2006.

The Company's most important medium for distributing information will be the Oslo Stock Exchange reporting system, but the Company also aims to present such information directly to investors and analysts.

The Company aims to keep its shareholders informed via annual reports, quarterly reports and at appropriate presentations. In addition, press releases will be sent out regarding important events.

Every year, the Company publishes the company's financial calendar, showing the dates for presentation of the interim financial statements and the date of the annual general meeting. The Company's website is updated constantly with information distributed to shareholders. The Company's website is at: [www.auss.no](http://www.auss.no).

*Deviations from the Recommendations: None.*

## **14. TAKE-OVERS**

The Board of Directors should establish guiding principles for how it will act in the event of a take-over bid.

In a bid situation, the company's Board of Directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The Board has a particular responsibility to ensure that shareholders are

given sufficient information and time to form view of the offer. The Board of Directors should not hinder or obstruct take-over bids for the Company's activities or shares.

Any agreement with the bidder that acts to limit the company's ability to arrange other bids for the company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the Company's shares, the Company's Board of Directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid.

If an offer is made for a Company's shares, the Company's Board of Directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The board should arrange a valuation from an independent expert. The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the board's statement.

Any transaction that is in effect a disposal of the Company's activities should be decided by a general meeting, except in cases where such decisions are required by law to be decided by the corporate assembly.

Austevoll Seafood ASA's Articles of Association contain no limitation with regard to share acquisition. The shares are freely transferable. Transparency and equal treatment of shareholders is a fundamental policy. Should a bid be made for the company, the Board of Directors will make a thorough evaluation of the bid.

*Deviations from the Recommendations: None*

## 15. AUDITOR

The auditor should submit the main features of the plan for the audit of the company to the Audit committee annually.

The auditor should participate in meetings of the Board of Directors that deal with the annual accounts. At these meetings the auditor should review any material changes in the Company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company.

The auditor should at least once a year present to the Audit committee a review of the company's internal control procedures, including identified weaknesses and proposals for improvement.

The Board of Directors shall hold a meeting with the auditor at least once a year at which neither the Chief Executive nor any other member of the executive management is present.

The Board of Directors should establish guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit.

The Board of directors must report the remuneration paid to the auditor at the annual general meeting, including details of the fee paid for audit work and any fees paid for other specific assignments.

*Deviations from the Recommendations: None*



# Declaration from the Board

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on salaries and other remuneration to leading personnel,  
ref. the Public Limited Companies Act Section 6-16 a, ref. Section 5-6.

The Board of Directors of AUSTEVOLL SEAFOOD ASA has signed the below declaration in respect of salaries and other remuneration applicable to leading personnel. The declaration shall be subject to an advisory vote in the General Meeting, and represents guidelines for the Board of Directors:

The main principle for stipulation of remuneration terms for leading personnel of AUSTEVOLL SEAFOOD ASA is that leading personnel shall be offered competitive terms and conditions, with salaries, other benefits, bonus and pension arrangements being appraised together. The company offers a level of remuneration which reflects a comparable level with similar companies and considering the company's requirements for highly qualified personnel at all levels.

*Salaries and other remuneration to leading personnel will be determined in conformity with the above principles at all times.*

*The company does not have remuneration schemes based on share values.*

*For leading personnel remuneration may be given in addition to basic salaries in the form of bonus. Bonus to the company's Managing Director shall be determined by the Chairman of the Board liaising with the Board of Directors. For other leading personnel bonuses shall be determined by the Managing Director in consultation with the Chairman.*

*The company does not have arrangements for share options in the company or other companies in the group.*

*Leading personnel are members of the company's collective*

*pension arrangements, of which some are members of a defined benefit scheme and some of a defined contribution scheme. For both schemes payments of pension premium are based on pension benefits of up to 12 G (G = the annual Basic Amount in the Public Pension Scheme).*

*Leading personnel have arrangements for free transportation and free service telephones, but do not receive benefits in kind beyond that.*

*Leading personnel are, in case of dismissal from the company, not entitled to benefits beyond salary and other current benefits during the period of termination as prescribed by the Norwegian Employment Act.*

*The policy of remuneration as described above has been fully adhered to during the preceding accounting year. During this period the Company has not given remunerations beyond what follows from service contracts already in force.*

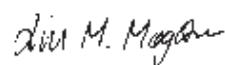
*No new agreements have been entered into with leading personnel, and no changes have been made to existing agreements with leading personnel which have an impact on the Company or its shareholders.*



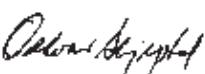
Storebø, 21 April 2016



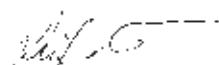
Helge Singelstad  
Chairman of the Board



Lill M. Møgster



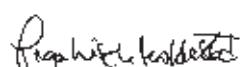
Oddvar Skjegstad  
Deputy Chairman



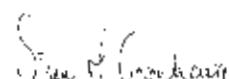
Leif Teksum



Helge Møgster



Inga Lise L. Moldestad



Siren M. Grønhaug

# Directors of the Board

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Helge Singelstad

## HELGE SINGELSTAD (1963)

### **Chairman**

Helge Singelstad has been member of the Board since 2008, and has been the Chairman of the Board since May 2010. Mr. Singelstad is the CEO in Laco AS. He holds a degree in Computer Engineering from Bergen University College (HiB), a degree in Business Administration from the Norwegian School of Economics (NHH) and a 1st degree of Law from the University of Bergen (UiB). He serves on numerous Boards of Directors, and is Chairman of the Board at Lerøy Seafood Group ASA and Pelagia Holding AS. Mr. Singelstad has extensive experience from various types of businesses such as oil & gas and seafood sector. Helge Singelstad owns 50,000 shares in Austevoll Seafood ASA.



Oddvar Skjegstad

## ODDVAR SKJEGSTAD (1951)

### **Deputy Chairman**

Oddvar Skjegstad has been member of the Board since 2006 and has served as the Deputy Chairman since May 2010. Mr. Skjegstad has a degree as Master of Business Administration from Norwegian School of Economic (NHH). He is self-employed and has a wide experience from executive positions in public administration, banking and other industrial activities. Mr. Skjegstad holds board positions in companies within several different business sectors. Oddvar Skjegstad owns, through Rehua AS, 55,000 shares in Austevoll Seafood ASA.



Lill Maren Møgster

## LILL MAREN MØGSTER (1984)

### **Member of the Board**

Lill Maren Møgster has been member of the Board since 2012. Ms. Møgster is one of the main owners in Laco AS, the main shareholder of Austevoll Seafood ASA and DOF ASA. Ms. Møgster is educated Bachelor of Management from the Norwegian Business School (BI). She works as controller in Hallvard Lerøy AS. Ms. Møgster is experienced within sales and accounting after having worked in various subsidiaries of Laco AS since 2007. She holds board positions in several companies. Lill Maren Møgster owns shares in Austevoll Seafood ASA indirectly through Laco AS.



Inga Lise L. Moldestad

### INGA LISE L. MOLDESTAD (1966)

#### Member of the Board

Inga Lise L. Moldestad has been member of the Board since 2006. From the Norwegian School of Economic (NHH) Ms. Moldestad has a four year program in Economics and Business Administration consisting of three years at Bachelor/undergraduate level and one year at Master/graduate level. She holds a Master degree in Auditing and Accounting from NHH. Ms. Moldestad is the Executive Vice President and partner of Holberg Fondsforvaltning (a Bergen based fund management company). Having worked at Holberg, Unibank, Skandia and Vesta in the past, Ms. Moldestad has extensive experience within the asset management industry, and from auditing and consulting after working with Arthur Andersen and Ernst & Young. Inga Lise L. Moldestad owns 40,000 shares in Austevoll Seafood ASA through Ingasset AS.



Helge Møgster

### HELGE MØGSTER (1953)

#### Member of the Board

Helge Møgster has been member of the Board since the company was founded in April 1981, and served as Chairman of the Board until May 2006. Mr. Møgster is one of the main owners in Laco AS, the main shareholder of Austevoll Seafood ASA and DOF ASA. Mr. Møgster has extensive experience from all aspects of the fisheries sector. Additionally he knows the offshore service sector very well. He is holding board positions in several companies. Helge Møgster owns shares in Austevoll Seafood ASA indirectly through Laco AS.



Siren Merete Grønhaug

### SIREN MERETE GRØNHAUG (1965)

#### Member of the Board

Siren Merete Grønhaug has been member of the Board since 2014. Ms. Grønhaug is educated Corporate Economist from the Norwegian School of Economics (NHH), and has additional education through the AFF Solstrand Programme and the Norwegian Business School (BI). She is the CFO at Hallvard Lerøy AS with broad knowledge in the seafood sector after many years of experience at executive levels in Hallvard Lerøy AS. Ms. Grønhaug has extensive board experience from various companies in Lerøy Seafood Group ASA.



Leif Teksum

### LEIF TEKSUM (1952)

#### Member of the Board

Leif Teksum has been member of the Board since 2014. Mr. Teksum holds a Master degree in Economics and Business Administration from the Norwegian School of Economics (NHH). Mr. Teksum retired in 2014 after 33 years of service for Norway's biggest bank – DNB Bank ASA. For 22 years he was part of DNB's Group Management, during which time he for a period of more than 10 years was responsible for the Group's international business, and the bank's large corporate clients. Mr. Teksum is a professional board member in a variety of companies and has extensive experience from holding board positions. In 2015 he established a new corporate advisory boutique (Vest Corporate Advisors AS) together with three other partners. Leif Teksum owns 5,000 shares in Austevoll Seafood ASA.



# Board of directors' report 2015

for Austevoll Seafood ASA

## INTRODUCTION

Austevoll Seafood ASA (AUSS) is a global seafood group. AUSS has world-leading operations within the production of Atlantic salmon and trout, covering the entire value chain from breeding to smolt, fish for consumer products, harvesting, processing, sale and distribution. AUSS also has pelagic operations within fishery, production of fishmeal and fish oil, and production of pelagic products for human consumption. The Group has sales operations in Norway, Europe, Asia, USA and South America.

The company's head office is located in Storebø in Austevoll municipality.

## THE GROUP'S ACTIVITIES

The Group's activities are classified according to the following operating segments; Lerøy Seafood Group ASA (Europe), Austral Group S.A.A (Peru), Foodcorp Chile S.A (Chile), Br. Birkeland AS (Norway) and the joint venture, Pelagia AS (Europe).

Bearing in mind the prevailing framework conditions, including e.g. the temporary challenges within farming and limited fishing in Peru, the Board of Directors is essentially satisfied with the Group's results for 2015. The Board of Directors would like to take this opportunity to thank all the Group's employees for their hard work in 2015.

In March 2016, AUSS sold 2,750,000 shares in Lerøy Seafood Group ASA at a price of NOK 355 per share. The proceeds from the sale of shares totalled NOK 976,250,000.

Subsequent to the sale, AUSS owns 31,394,281 shares in Lerøy Seafood Group ASA, corresponding to 57.52% of the company's shares. The Board of Directors will recommend that the proceeds be mainly utilised for payment of dividends. The Board of Directors' recommendation to the general meeting will be for a dividend payment for 2015 of NOK 7.00 per share.

## Lerøy Seafood Group ASA (Europe)

Lerøy Seafood Group ASA (LSG) is a fully-integrated seafood group with a global reach. The company's history dates back to the end of the 19th century with proud traditions as a pioneering enterprise in a number of areas within the Norwegian fishing industry. The company's main focus has always been on developing markets for seafood products.

Since 1999, LSG has invested substantially in various national and international enterprises. Through a process of organic growth and a number of acquisitions, LSG is currently the second largest producer of salmon and trout in the world, and has 146 licences across the regions of Troms, Central Norway and West Norway. In addition, LSG owns the Scottish sea farming company, Scottish Sea Farm Ltd. via its 50% shareholding in Norskott Havbruk AS. In 2015, Scottish Sea Farm Ltd. harvested 27,000 tonnes of salmon. LSG's investments in downstream activities in 2015 have established the Group as a national and international distributor of fresh seafood.

In 2015, LSG harvested 171,200 tonnes of Atlantic salmon

and trout, of which 157,700 tonnes from the regions of Troms, Central Norway and West Norway and 13,500 tonnes constituting LSG's 50% share of Scottish Sea Farm Ltd.

The LSG Group reported turnover of NOK 13,485 million in 2015 (2014: NOK 12,697 million). This is the highest turnover ever reported by the company. The increase in turnover is attributed to higher prices realised and a positive development in activities downstream. The Group reported EBITDA of NOK 1,814 million (2014: NOK 2,160 million), and EBIT before biomass adjustment of NOK 1,380 million (2014: NOK 1,789 million).

The volume of Atlantic salmon and trout harvested in 2015 was on par with the figures in 2014, and prices realised for salmon and trout were up 3% when compared with 2014. Contracts and long-term customer relationships are an important part of the Group's strategy. The Group had a 33% share of contracts in 2015. The decline in operating profit in 2015 when compared with 2014 is attributed to higher release from stock costs per kilo produced of salmon and trout. The most important factor behind this was an increase in feed costs. However, the Group also reported a growth in costs related to biological problems.

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

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

Anchoveta is used to produce fishmeal and oil, and horse mackerel/mackerel is used for consumer products. The main fishing seasons for anchoveta in Central/North Peru are from April to July and November to January.

In 2015, the total volume of anchoveta landed in Peru exceeded 3.6 million tonnes. The total volume landed was approximately 64% higher than in 2014, when the volume was just over 2.2 million tonnes. The quota for the first season of 2015 was just under 2.6 million tonnes. The quota for the second season of 2015 was 1.1 million tonnes, compared with a quota for the second season of 2014 of zero. In addition, just over 300,000 tonnes of anchoveta were fished in the southern zone in 2015.

After several years of consolidation, the company now produces fishmeal and oil at four factories, 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. Production capacity at the fishmeal factory in Coishco was increased from 80 tonnes per hour to a total of 160 tonnes per hour in 2014. The same factory increased its capacity for frozen production from 175 tonnes per day to 475 tonnes per day in 2014.

The Austral Group reported turnover of NOK 1,091 million in 2015 (2014: NOK 1,067 million), EBITDA of NOK 273 million (2014: NOK 180 million), and EBIT of NOK 117 million (2014: NOK 39 million).

As the second fishing season in 2015 started later than normal, the company reported a low sales volume from its production season in 2015. At the start of 2016, the company therefore has an inventory of 19,600 tonnes of fishmeal and fish oil, compared with 8,600 tonnes of fishmeal and oil at the start of 2015. The weather phenomenon known as "El Niño" has caused problems during the 2014 and 2015 operating years, but the Board of Directors is satisfied with the way in which the organisation has dealt with these problems, showing in our opinion that the company is well-equipped to handle the volatility characteristic of this sector.

In December 2015, the company took ownership of a new fishing vessel, christened "Don Ole". The new vessel has a length of 60.5 metres and beam of 12.6 metres. She is similar to the type of vessel utilised by the Group in both Norway and Chile, but is much more technologically advanced than the company's existing vessels in Peru. The new vessel will replace three of the company's older vessels.

#### **Foodcorp Chile S.A (Chile)**

Foodcorp Chile S.A (FC) is involved in fishing, consumer products and production of fishmeal and 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 shore-based facilities are located in the same building 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 season starts in March and ends in July/August. The second season normally starts in October/November. Due to these fishing seasons, the company generates the majority of its earnings in the first half of the year.

Chile saw a decline in horse mackerel fishing from 2008/2009. Common supranational fish stock management was introduced in 2012, with responsibility for this assigned

to South Pacific Regional Fisheries Management. The new stock management regime included the introduction in 2012 of a total quota for the fishing stock, based on historical catches. 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 our business in Chile.

The company reported turnover of NOK 490 million in 2015 (2014: NOK 501 million), EBITDA of NOK 47 million (2014: NOK 79 million), and EBIT of NOK -134 million (2014: NOK 1 million). Since 2012, the company has had an operational collaboration in place with another Chilean fishing company via Marfood S.A. This partnership was terminated on 31 December 2015. From the start of 2016, the two companies will operate their vessels and production facilities separately. The company's impairment tests have also included stress tests of sensitivity related to supply of raw materials and exploitation of raw materials. On the basis of the results of these tests, the Group has decided to write down goodwill related to operations by a total of NOK 116 million. The write-down of NOK 116 million is included in the EBIT figure for 2015 of NOK -134 million.

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

Br. Birkeland AS (BRBI) owns three pelagic ring net vessels. Two of these vessels each have 650 basic tonne capacity for ring nets and a 1,425 trawler quota for blue whiting. The third vessel has 471 basic tonne capacity for ring nets. In addition, BRBI owns seven licences for farming Atlantic salmon/trout in Hordaland. At end 2015, the ring net vessels had fished their full quotas. The fish farming segment of the company harvested 7,746 tonnes of Atlantic salmon and trout in 2015. The company carried out trials of fishing for snow crab in 2014, using one of its ring net vessels. Based on the experience gained during these trials, the company decided to invest in one vessel specially designed for fishing snow crab. The vessel has an onboard factory for turnkey production of snow crab. The vessel was made ready for start-up in November 2014, and had its first full year of operations in 2015. This year proved difficult, and it is clear that this operation is still in its start-up phase.

The company reported turnover of NOK 520 million in 2015 (2014: NOK 429 million), EBITDA of NOK 106 million (2014: NOK 92 million), and EBIT before biomass adjustment of NOK 39 million (2014: NOK 39 million).

#### **Pelagia AS (Europe)**

Pelagia AS (Pelagia) was founded in January 2014 and is a business combination of Norway Pelagic Holding AS, Welcon Invest AS and Egersund Fisk AS. Pelagia is defined in AUSS' consolidated financial statements as a joint venture and consequently reported in line with the equity method.

The company's operations comprise receipt of raw materials for production of fishmeal and fish oil in addition to production of frozen pelagic products for consumption. The company has production facilities in Norway, the UK and Ireland. In addition, the company owns 50% of Hordafor AS, a company that purchases raw materials from the aquaculture industry, white fish industry and pelagic fishing for production of protein concentrate and oil. The entire company, including the protein concentrate operations, received approximately 1.3 million tonnes of raw materials in 2015. The corresponding volume in 2014 was also approximately 1.3 million tonnes.

The company reported turnover of NOK 6,092 million in 2015 (2014: NOK 5,646 million), EBITDA of NOK 717 million (2014: NOK 589 million), and EBIT of NOK 548 million (2014: NOK 420 million).

#### **SHAREHOLDERS**

At 31 December 2015, AUSS had 4,086 shareholders. The share price was NOK 54.00 at the end of December 2015 compared with NOK 46.50 as of 31 December 2014. The company's share capital at 31 December 2015 was NOK 101,358,687 divided among 202,717,374 shares, each with a nominal value of NOK 0.50.

In the period leading up to the annual general meeting in 2016, the Board of Directors is authorised to increase the share capital by issuing 20,271,737 shares. The Board of Directors is also authorised to purchase up to 20,271,737 of AUSS' shares in the same period at a price ranging from NOK 20 to NOK 150. A proposal will be made to the company's annual general meeting in the spring of 2016 to renew the established mandates described above. As of year-end 2015, AUSS did not hold any treasury shares. AUSS indirectly owns treasury shares via its 49.99% shareholding in BRBI. BRBI owns 1,722,223 shares in AUSS.

AUSS aims to maximise value creation for the benefit of shareholders by constantly striving to achieve good results. Over time, the target is to pay out between 20% and 40% of the Group's net profit as dividends (excluding the value adjustment of biological assets). The Board of Directors

will recommend to the annual general meeting in 2016 a dividend payment of NOK 7.00 per share for financial year 2015, compared with NOK 2.00 per share in the previous year. If adopted, the total dividend payment will be NOK 1,419,021,618. The dividend recommended for financial year 2015 is higher than that stipulated in the company's dividend policy, but is affected by AUSS' sale of shares in LSG, the proceeds of which are mainly to be utilised for dividend payments. In comparison, a total of NOK 405,434,748 was paid in dividends according to the resolution adopted by the annual general meeting in 2015, and constituting 32% of the Group's net profit in 2014.

The Board of Directors adheres to the Norwegian Code of Practice for Corporate Governance. The Board of Directors is of the opinion that AUSS is appropriately organised and that its activities are carried out in compliance with relevant legislation and regulations and in accordance with the company's objects and Articles of Association. Please refer to the separate chapter on Corporate Governance in the annual report for more detailed information.

#### **RISK MANAGEMENT AND INTERNAL CONTROL**

It is neither possible, nor wholly desirable, to eliminate all the risks related to the Group's activities. The Board of Directors does, however, strive to work systematically to identify risk areas and monitor defined risks within the Group's companies. The Board views risk management as part of the long-term value creation for the company's shareholders, employees and the wider community. The Group's growth opportunities must always be viewed in the context of the Group's overall risk profile.

Identified risks are monitored on a regular basis to ensure that the Group's risk exposure is acceptable. The objective is to ensure that the Group, including each individual company that is part of the Group, is able to increase both expertise in and awareness of risk identification over time. This requires each company to implement effective routines for risk management, thereby helping ensure that the Group achieves its overall goals. The level of systematic risk identification and risk management varies within the Group's companies.

The Group's diversified company structure and product range, including its geographical spread, will normally limit risk in terms of specific product volatility and business cycles. The Group's internal control and risk management related to the process of compiling financial statements are described in chapter 10, Corporate Governance.

#### **EMPLOYEES**

The total number of full-time equivalents for the Group in 2015 was 4,026, of which 1,572 were in South America. Corresponding figures for 2014 were 4,155 full-time equivalents with 1,935 in South America. Female employees are under-represented in the Group's fishing activities and over-represented within processing. Of a total seven board members on the company's Board of Directors, three are women. The company thus fulfils the requirement for 40% female representation among the shareholder-elected board members.

Sickness absence in 2015 was 5.50% for land-based working hours in the European part of the Group. The comparative figure for 2014 was 5.79 %. The Group takes active steps to try to reduce sickness absence where possible.

On 31 August 2015, a serious occupational accident occurred resulting in a fatality at one of the facilities belonging to LSG's subsidiary, Sjøtroll Havbruk AS.

In Norway, the Group is affiliated to local company health services. Apart from the tragic fatality mentioned above, other injuries resulting in sick leave were registered by the Group in 2015. Adverse events and near-accidents are registered on an ongoing basis in order to prevent future injuries. This focus on reporting and following up adverse events will help create a safer workplace.

Furthermore, the Group seeks at all times to ensure equal opportunities and rights for all employees and to prevent discrimination based on national origin, ethnicity, colour, language, religion or personal philosophy. The Group also aims to be a workplace where there is no discrimination on grounds of disability.

#### **HEALTH, SAFETY AND THE ENVIRONMENT**

The Group places great emphasis on managing and developing circumstances which can help increase expertise in and awareness of health, safety and the environment. Financial and technical resources are deployed to ensure that the Group's activities are conducted in accordance with guidelines established to promote the interests of the company and the environment. The planning and implementation of new technical concepts make vessels and sea and land-based industry more efficient, easier to operate and more environmentally friendly, thus reducing the health and safety risk for employees.

The processing industry in Norway has implemented quality assurance systems in accordance with regulations issued by the Directorate of Fisheries. The Group's fishmeal

and fish oil production in Norway requires a licence and is governed by the regulations of the former Norwegian Climate and Pollution Agency, now part of the Norwegian Environment Agency. All of the Group's Peruvian factories, owned by Austral, have ISO 14001 certification.

AUSS is committed to the sustainable management of fishery resources and actively monitors employee and management compliance with regulations and quota provisions, among other things to help ensure that resources are conserved for future generations.

Austral has achieved "Friend of the Sea" certification. This is awarded by an independent certification body with detailed knowledge of fishing, and focuses on anchoveta. The certification relates to products based on anchoveta and can only be awarded after a comprehensive approval process. The certification awarded to Austral covers fishmeal and fish oils, canned products and frozen goods based on Peruvian anchoveta. The certification confirms that the fish stocks are being harvested in accordance with criteria for sustainable fishing, and that the resources are not being overfished ([www.friendofthesea.com](http://www.friendofthesea.com)).

The Group's fisheries focusing on Norwegian spring spawning herring and North Sea herring gained MSC certification on 30 April 2009. The MSC (Marine Stewardship Council) is an independent, non-profit organisation which seeks to promote responsible fishing in order to ensure sustainable fish stocks. The MSC has developed an environmental standard for sustainable and well-controlled fishing. The standard is based on three main principles: sustainable fish stocks, minimal impact on the ecosystem of which the stocks are part, and effective management.

The Group's fish farming operations are closely linked to natural conditions in Norwegian and international waters. Based on a long-term perspective, the Group seeks to protect and safeguard the environment in the areas utilised for fish farming. Environmental aspects are one element of the Group's quality policy and are an integral part of the internal control system in the Group's fish-farming companies. This applies throughout the entire value chain from breeding to smolt, fish for consumption, harvesting, processing and distribution.

The Group's vessels are not considered to cause any pollution to the external environment over and above generally accepted and/or statutory levels. The Group's land-based facilities have purification systems linked to the production process, and operations are regulated by

the requirements set for this type of activity. The Group focuses on reducing energy and water consumption, and the Board of Directors does not consider the Group's processing activities to cause any significant emissions or discharges to the external environment. The Group works continuously to minimise energy requirements per kilo of seafood produced in the Group's processing plants.

## CORPORATE SOCIAL RESPONSIBILITY

For many years AUSS has worked actively to ensure that corporate social responsibility is exercised as part of daily operations. We therefore find it natural to include our account of this work in our annual report. In addition, this section of the annual report should be considered in the light of the other parts of the annual report.

The Board of Directors maintains a constant focus on corporate social responsibility and works to ensure that all the Group's employees, at all stages of production, are made aware of the need to exercise social responsibility in their daily work, and that the Group's corporate social responsibility is made apparent in the local communities in which it operates. For AUSS, corporate social responsibility consists primarily in achieving commercial profitability without compromising on fundamental ethical values or requirements concerning environmentally sustainable operating principles.

The subsidiaries FC in Chile and Austral in Peru are affiliated to the United Nations Global Compact programme and adhere to its ten universal principles. Austral now also reports according to GRI (Global Reporting Initiative). The subsidiary LSG has issued reports in accordance with GRI since 2013, and has prepared a separate Environmental Report that is available in its entirety on the company's website: [www.leroy.no](http://www.leroy.no).

AUSS has implemented a Code of Conduct setting out ethical guidelines for employee conduct.

All the operating segments report to the corporate management on a quarterly basis on factors such as health, safety and the environment, the Code of Conduct and whistle-blowing. Any reported non-compliance and/or suspected non-compliance is followed up by the management.

### Human rights, labour rights and social issues

AUSS is represented in a number of different locations around the world. The Board finds that our operations have a substantially positive impact in the communities where we operate. Our business operations generate local taxes

and provide jobs and social activities. In 2015, the Group has continued to actively support local and voluntary organisations in the communities in which our companies are established, with a special focus on activities aimed at children and young people. In Peru, for example, we have been involved in education and training, nutrition and health, and environmental activities.

AUSS has zero tolerance for violations of fundamental human rights and social dumping. The management actively monitors that all parts of our business, as a minimum, offer the employees terms and conditions that meet local minimum requirements. We also actively encourage our business partners to do the same. AUSS refuses to work with third parties that violate the basic rights of workers.

As a leading producer of Atlantic salmon and trout and pelagic fish products, AUSS makes a positive contribution to public health, both locally and globally by producing products that are rich in protein and omega-3, both of which are important elements of a balanced diet for the world's population. Within Atlantic salmon and trout, the Group has worked systematically on product development for many years with a view to making our products readily available to consumers and easy to prepare.

#### **The external environment**

For a detailed account of AUSS' environmental performance, please see the presentation in the annual report concerning the impacts of operations on the external environment and our work to mitigate any adverse effects.

#### **Anti-corruption**

As mentioned above, the Code of Conduct forbids any employee, directly or through intermediaries, to offer, pay, invite or receive benefits that contravene Norwegian or international law. Our Code of Conduct also requires an assessment of all the partners in Norway and overseas with which AUSS enters into agreements. All employees are required to report any breach of the Code of Conduct to their immediate supervisor. If the matter concerns a superior or the employee cannot contact a superior, the matter should be reported to the general manager or chair of the board of the relevant company. It is a priority for AUSS that whistle-blowing does not have negative consequences for the person who reports a suspected wrongdoing. The whistle-blower shall be protected to ensure that the matter is investigated thoroughly. Any incoming reports of corruption will be followed up by the company involved and/or the corporate management, which will initiate further investigations. Each incoming report is routinely

submitted to the Board as part of the quarterly reporting on compliance. AUSS has zero tolerance for corruption and will continue to work actively vis-à-vis our employees and our partners to combat all forms of corruption. The Board expects the Code of Conduct's focus on combating corruption, combined with the ongoing monitoring of the respective operating segments, to have positive consequences in terms of preventing corruption.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been prepared in accordance with IFRS, as adopted by the EU.

Group revenue totalled NOK 15,273 million in 2015 compared with NOK 14,344 million in 2014. Accordingly, operating profit before depreciation and biomass adjustment in 2015 came to NOK 2,244 million compared with NOK 2,516 million in 2014. The increase in turnover has been generated by activities within both Atlantic salmon and trout and the pelagic segment. Operating profit (EBIT) before biomass adjustment in 2015 amounted to NOK 1,386 million, with NOK 1,856 million in 2014. Goodwill related to operations in Chile was written down by NOK 116 million. Net write-downs in 2015 amount to NOK 108 million and are included in the operating profit figure of NOK 1,386 million. Write-downs in 2014 totalled NOK 30 million and related to optimisation of the Group's operations, including ships taken offhire. Operating profit after biomass adjustment in 2015 came to NOK 1,633 million, with NOK 1,476 million in 2014.

In 2015, profit from associates totalled NOK 264 million, compared with NOK 217 million in 2014. The largest associates are Pelagia Holding AS (owner of Pelagia AS) and Norskott Havbruk AS (owner of the Scottish fish farming company Scottish Sea Farms Ltd.).

Net financial expenses totalled NOK 325 million in 2015, of which NOK 102 million was mainly unrealised losses on foreign exchange. By comparison, net financial expenses in 2014 were NOK 347 million, with NOK 150 million mainly in unrealised losses on foreign exchange. The annual profit after tax in 2015 was NOK 1,283 million. The corresponding figure for 2014 was NOK 1,001 million.

Consolidated net cash flow from operating activities totalled NOK 1,211 million in 2015, compared with NOK 1,795 million in 2014. Tax payments totalled NOK 428 million in 2015, compared with NOK 439 million in 2014. There has been an increase in working capital from 2014, partly due to the higher production costs for fish in the sea and a higher level of activity in Peru

in 2015 when compared with 2014.

Net cash flow from investing activities was negative and amounted to NOK -878 million in 2015. In addition to normal investments in maintenance, one new fishing vessel was delivered to the business in Peru in 2015. In 2014, the Group reported a positive net cash flow from investing activities of NOK 375 million. It is important to mention that this figure for 2014 was affected by the fact that AUSS sold shares in 2014 in connection with the establishment of Pelagia in January 2014, generating NOK 1 billion in cash.

Net cash flow for the year from financing activities was negative at NOK -79 million. This figure constitutes payment of ordinary instalments and the issue by AUSS of an unsecured bond loan of NOK 500 million maturing in 2021. In 2014, the Group reported a net cash flow from financing activities of NOK 1,452 million. In addition to the payment of ordinary instalments, the parent company reduced a credit facility by NOK 740 million, releasing the security provided by the parent company (including shares in LSG) to establish the credit facility. The Group paid dividends totalling NOK 684 million in 2015, compared with a dividend payment by the Group of NOK 594 million in 2014.

At year-end 2015, the consolidated balance sheet total was NOK 25,794 million, against NOK 23,602 million at the close of 2014. The Group is financially strong with equity at 31 December 2015 of NOK 13,611 million and an equity ratio of approx. 53%. Equity at year-end 2014 was NOK 12,360 million representing an equity ratio of 52%.

At the end of 2015, the Group had net interest-bearing debt of NOK 4,838 million. The corresponding figure at the end of 2014 was NOK 3,960 million. At the start of 2015, the Group had cash and cash equivalents totalling NOK 2,198 million. This figure at the end of the year was NOK 2,470 million. The Group has a good rate of financing from banks, and has built up a high level of trust over the years on the market for bond issues. The company aims to be an attractive choice also for investors who prefer to invest in fixed income funds.

## FINANCIAL RISK

The Group is exposed to risk associated with the value of investments in subsidiaries and associates in the event of price changes in the market for raw materials and finished goods, insofar as these changes bring about changes in the companies' competitiveness and earnings potential over time. Operational conditions and developments in the Group's input factor prices are also key parameters.

The Group's activities are essentially global and will always be impacted to varying degrees by developments in the global economy. In light of the financial crisis and turmoil in recent years, the general consensus is that economic uncertainty is still greater than normal. Although this situation may have a negative impact on the real economy in many markets, it is our opinion that AUSS' core business is founded on long-term environmentally and economically sustainable assets within viable seafood industries.

Nigeria – one of the main markets for frozen horse mackerel products produced in South America – imposed import quotas in 2014, which remained in place in 2015. Moreover, restrictions were also introduced in 2015 on foreign exchange. In addition, Russia imposed a ban on imports of Norwegian seafood products to Russia on 7 August 2014, and this ban is still in force. These types of restrictions represent a short-term challenge for the seafood industry.

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 variable utilisation of the Group's production facilities. The seasonal fluctuations in catch volumes create similar fluctuations in the interim key figures. The Group's production of Atlantic salmon and trout will always be subject to biological risk.

Exposure to risk as a result of changes in interest rate levels is identified and assessed on an ongoing basis as the majority of the Group's debt is at floating interest rates. The Group, represented by its subsidiaries, has fixed interest rate agreements for parts of the Group's interest-bearing debt. As of 31 December 2015, the fixed interest rate agreement covered 15% of the Group's interest-bearing debt. The Group has always attached importance to long-term collaboration with financial partners. The Group therefore has satisfactory financing in place, and we are of the opinion that the financial covenants are tailored to the Group's operations.

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

The Group seeks to reduce the risk of counterparties being unable to meet their financial obligations by taking out credit insurance for parts of the total receivables where possible and by using letters of credit, which essentially

secure fulfilment of customer commitments. Historically, the Group has had a low level of bad debts. Credit risk varies over time and between the different operating segments. Credit risk is closely interlinked with developments in the global economy. The Board of Directors is of the opinion that credit risk has increased in recent years, despite the fact that 2015 showed a positive development in comparison with 2014.

The Board of Directors of AUSS considers the liquidity in the company to be satisfactory.

#### GOING CONCERN ASSUMPTION

The Group, including the parent company, has a satisfactory economic and financial position, providing a good foundation for continued operations and further development of the company. The consolidated financial statements have been prepared on the assumption that the company is a going concern.

#### COMPANY FINANCIAL STATEMENTS FOR AUSTEVOLL SEAFOOD ASA

Austevoll Seafood ASA is the holding company for the Group. At year-end 2015, the company had three employees, with zero sickness absence in both 2014 and 2015. The company's primary activity consists in owning shares in the underlying companies, carrying out strategic processes, board work and technical operational services for some of the smaller underlying subsidiaries.

The parent company's financial statements have been prepared in accordance with simplified IFRS.

Revenue reported by the parent company was NOK 2.1 million in 2015, compared with NOK 2.2 million in 2014. Accordingly, the parent company reported an operating loss before depreciation (EBITDA) in 2015 of NOK 30.6 million compared with a loss of NOK 29.4 million in 2014.

Net financial items returned a positive result of NOK 470 million in 2015. The corresponding figure for 2014 was also positive at NOK 400 million. The positive figure for net financial expenses includes recognition of dividends from subsidiaries. Profit for the year amounted to NOK 419 million, with a comparison figure for 2014 of NOK 363 million.

Net cash flow from operating activities for the parent company amounted to NOK -41 million in 2015, compared with NOK -186 million in 2014. Net cash flow from investing activities in 2015 was positive and amounted to NOK 554 million. In 2014, the parent company reported a net cash flow from investing activities of NOK 1,571 million. Cash flows in 2014 were extraordinary due to the sale of shares by AUSS in connection with the establishment of Pelagia, the proceeds of which exceeded NOK 1 billion.

In 2015, the parent company reported a net cash flow from financing activities of minus NOK 99 million, comprising unpaid dividends of NOK 405 million, ordinary instalments and the issue of an unsecured bond loan of NOK 500 million that matures in 2021. In line with its financial strategy, the company will establish new bond loans at regular intervals.

In 2014, the parent company reported a net cash flow from financing activities of minus NOK 1,204 million, comprising dividend payments of NOK 324 million, ordinary instalments and repayment of credit facilities of NOK 740 million.

At the start of 2015, the parent company had cash and cash equivalents totalling NOK 713 million. At the end of the year, this figure was NOK 1,126 million.

The parent company has a balance sheet total of NOK 6,522 million. Equity at year-end 2015 was NOK 3,249 million representing an equity ratio of 50%.

The parent company's net interest-bearing debt at year-end was NOK 604 million. This does not include interest-bearing receivables and debt from subsidiaries.

The parent company's financial statements show a profit of NOK 419 million. The Board of Directors proposes that NOK 1,419 million be allocated to dividend payments and NOK 1,000 million be transferred from other distributable reserves.

The parent company has a satisfactory economic and financial position, providing a good foundation for continued operations and further development of the company. The parent company's financial statements have been prepared on the assumption that the company is a going concern.

## OUTLOOK

### Fishmeal and fish oil

In the first half of the year, Europe is in its low season for sales, a time during which producers normally build up inventory. However, production is expected to be lower in Europe during the first half of the year when compared with the same period last year due to a decline in quotas for important fish species normally used for production of fishmeal and fish oil. Information on the size of the quota for the first season in Peru is not expected before the end of April. The industry and market closely monitor information available on conditions that may have an impact on the fishing season. To date, the upcoming season in Peru appears to be "normalised". Subsequent to a fall in Q4 2015, price trends for fishmeal in Europe have been stable to rising in 2016. Price trends for fishmeal in South America were stable in Q4 2015, but on the decline in the first half of 2016. Realised prices for fishmeal FOB Peru (super prime) are now USD 1,630-1,640, while the CIF Hamburg prices for fishmeal (standard 64%/65%) are USD 1,490.

### Consumer products

The Group's production of consumer products takes place in Europe and South America. The period from January to April in Europe is, as normal, the season for herring, mackerel and capelin. The first half of the year is the season for horse mackerel in South America. The ban on imports into Russia introduced on 7 August 2014, in addition to the introduction of import quotas and currency restrictions in Nigeria, have required the companies to actively seek alternative markets for those products traditionally sold mainly to Russia and Nigeria. The weak Norwegian krone

has on the whole helped to make Norwegian seafood products more competitive globally. 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 higher prices for consumers in the markets concerned. Despite this, we are confident that the Group's products on these markets will fare well in competition with alternative sources of protein.

### Atlantic salmon and trout

At the time of writing, it appears that there are very limited opportunities for growth in the global supply of salmon and trout for the next few years. This gives rise to expectations for a good market in 2016. In light of the market prospects and the segment's potential for improvements in own production, the Group has a positive outlook to the future.

### The Group

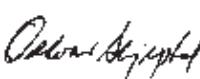
The Group is financially sound, has shown a positive development and currently has a strong position on a number of seafood markets worldwide. The Group's strategy going forward is to continue to grow and further develop within its current operating segments. The Group has and shall continue to have the financial flexibility to support its strategy for further organic growth, carrying out strategic acquisitions and sustaining the company's dividend policy.

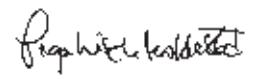
The Group's strong position within the global seafood business gives grounds for a positive outlook for the Group's future development. The Board of Directors currently expects a slightly better result in 2016 compared with 2015.

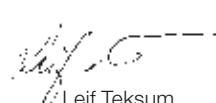
Storebø, 21 April 2016  
Board of Directors of Austevoll Seafood ASA

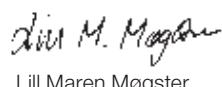
  
Helge Singelstad  
Chairman of the Board

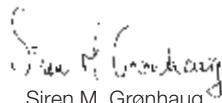
  
Helge Møgster

  
Oddvar Skjegstad  
Deputy Chairman

  
Inga Lise Lien Moldestad

  
Leif Teksum

  
Lill Maren Møgster

  
Siren M. Grønhaug

  
Arne Møgster  
CEO & President

# Financial calendar 2016

Please note that the dates might  
be subject to changes.

<b>12.05.2016</b>	Report Q1 2016
<b>25.05.2016</b>	Annual General Meeting
<b>18.08.2016</b>	Report Q2 2016
<b>10.11.2016</b>	Report Q3 2016
<b>21.02.2017</b>	Preliminary annual results 2016





## The Group Accounts

# Income statement

Amounts in MNOK	Note	2015	2014
<b>Sales revenue</b>	<b>10,32</b>	<b>15 240</b>	<b>14 228</b>
Other gains and losses	10,11	34	116
Rawmaterials and consumables used		-9 373	-8 529
Salaries and personell expenses	12,27	-1 797	-1 607
Other operating expenses	12,30,32	-1 859	-1 691
<b>Operating profit before depreciation, amortisation, impairment and fair value adjustment of biological assets</b>		<b>2 244</b>	<b>2 516</b>
Depreciation	16	-709	-611
Amortisation of intangible assets	15	-40	-19
Impairments/reversal of impairments	15,16	-108	-30
<b>Operating profit before fair value adjustment of biological assets</b>		<b>1 386</b>	<b>1 856</b>
Fair value of adjustment of biological assets	21	247	-380
<b>Operating profit</b>	<b>10</b>	<b>1 633</b>	<b>1 476</b>
Income from equity accounted investments	17	264	217
Financial income	13	40	63
Financial expenses	13	-365	-410
<b>Profit before taxes</b>		<b>1 572</b>	<b>1 346</b>
Income tax expense	26	-289	-346
<b>Net profit</b>		<b>1 283</b>	<b>1 001</b>
<b>Profit attributable to non-controlling interest</b>	<b>10</b>	<b>561</b>	<b>446</b>
<b>Profit attributable to shareholders of Austevoll Seafood ASA</b>	<b>7</b>	<b>722</b>	<b>555</b>
Average no. of shares total*	14	202 717 374	202 717 374
Earnings per share from continued operation (NOK)**	14	3,59	2,76
Suggested dividend per share	7,14	7,00	2,00

\* Including own shares held by the subsidiary Br. Birkeland AS.

\*\*Excluding own shares held by the subsidiary Br. Birkeland AS.

# Statement of comprehensive income

Amounts in MNOK	Note	2015	2014
<b>Profit for the year</b>		<b>1 283</b>	<b>1 001</b>
<b>Other comprehensive income to be recycled to profit and loss</b>			
Cash flow hedges	22	45	-72
Currency translation differences		361	538
Share of other comprehensive income of associated to be recycled		59	58
Recycling of previous translation differences*		7	0
Tax effect on items to be recycled to profit and loss		-26	-28
<b>Other comprehensive income not to be recycled to profit and loss</b>			
Actuarial loss on post employment benefit obligations	12	4	-6
Tax effect on items not to be recycled to profit and loss		0	1
<b>Other comprehensive income net of tax</b>		<b>450</b>	<b>490</b>
<b>Total comprehensive income for the year</b>		<b>1 733</b>	<b>1 491</b>
<b>Attributable to:</b>			
Non-controlling interest		616	502
Shareholders of Austevoll Seafood ASA		1 117	989
<b>Total comprehensive income for the year</b>		<b>1 733</b>	<b>1 491</b>

# Statement of financial position

Amounts in MNOK	Note	31.12.2015	31.12.2014
<b>Assets</b>			
Goodwill	15	1 953	1 980
Deferred tax asset	26	77	169
Licences	15	6 036	5 539
Brand/trademarks	15	50	50
Vessels	16	949	700
Other property, plant and equipment	16	4 582	4 249
Equity accounted investments and joint ventures	17	1 767	1 563
Investments in other shares	3,18	33	34
Non-current receivables	19	61	67
<b>Total non-current assets</b>		<b>15 508</b>	<b>14 351</b>
Inventories	20	965	839
Biological assets	21	4 574	3 883
Trade receivables	3,19,32	1 655	1 638
Other current receivables	19,22	621	693
Cash and cash equivalents	3,24,29	2 470	2 198
<b>Total current assets</b>		<b>10 286</b>	<b>9 250</b>
<b>Total assets</b>		<b>25 794</b>	<b>23 602</b>
<b>Equity and liabilities</b>			
Share capital	25	101	101
Own shares		-35	-35
Share premium		3 714	3 714
Retained earnings and other reserves		5 256	4 541
Non-controlling interests	8,10	4 575	4 039
<b>Total equity</b>		<b>13 611</b>	<b>12 360</b>
Deferred tax liabilities	26	2 732	2 665
Pension obligations and other obligations	22,12	154	169
Borrowings	3,29	5 352	4 811
<b>Total non-current liabilities</b>		<b>8 238</b>	<b>7 646</b>
Borrowings	3,29	1 956	1 363
Trade payable	3,32	1 004	1 173
Tax payable	26	230	384
Other current liabilities	22,31	754	676
<b>Total current liabilities</b>		<b>3 945</b>	<b>3 596</b>
<b>Total liabilities</b>		<b>12 183</b>	<b>11 242</b>
<b>Total equity and liabilities</b>		<b>25 794</b>	<b>23 602</b>

Storebø, 21 April 2016  
Board of Directors of Austevoll Seafood ASA

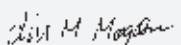
  
Helge Singelstad  
Chairman of the Board

  
Helge Møgster

  
Oddvar Skjegstad  
Deputy Chairman

  
Inga Lise Lien Moldestad

  
Leif Teksum

  
Lill Maren Møgster

  
Siren M. Grønhaug

  
Arne Møgster  
CEO & President

# Statement of changes in equity

Amounts in MNOK	Note	Share capital	Own shares*	Currency premium differences	Cash-flow hedges	Retained earnings	Non-controlling interest	Total equity
<b>Equity 01.01.14</b>		101	-35	3 714	93	-37	3 821	3 808 11 464
<b>Profit for the period</b>		0		0	0	555	446	1 001
Other comprehensive income in the period				596	-72	-90	56	490
<b>Total comprehensive income in the period</b>		0		0 596	-72	465	502	1 491
<b>Transactions with shareholders</b>								
Dividends	7	0		0	0	-324	-269	-594
Transactions with non-controlling interest	8	0		0	0		-1	-1
<b>Total transactions with shareholders in the period</b>		0	0	0	0	-324	-270	-595
<b>Total change in equity in the period</b>		0	0	0 596	-72	140	231	896
<b>Equity 31.12.14</b>		101	-35	3 714	689	-109	3 961	4 039 12 360
<b>Profit for the period</b>		0		0	0	722	561	1 283
Other comprehensive income in the period		0		0 427	45	-77	55	450
<b>Total comprehensive income in the period</b>		0		0 427	45	645	616	1 733
<b>Transactions with shareholders</b>								
Dividends	7	0		0	0	-402	-282	-684
Business combinations							201	201
<b>Total transactions with shareholders in the period</b>		0		0	0	-402	-81	-483
<b>Total change in equity in the period</b>		0	0	0 427	45	243	535	1 250
<b>Equity 31.12.15</b>		101	-35	3 714	1 116	-64	4 204	4 574 13 610

\* The group's own shares are share in Austevoll Seafood ASA owned by Br. Birkeland AS. (see note 25)

# Cash flow

Amounts in MNOK	Note	2015	2014
Profit before income taxes		1 572	1 346
Taxes paid for the period		-428	-439
Depreciation and amortisation	15, 16	750	630
Impairments	15, 16	108	30
Loss+/Gain- on sale of property, plant and equipment		-35	17
Loss+/Gain- on investments		0	-113
Unrealised exchange gains and losses		67	30
Share of (profit-/loss+)from associates	17	-264	-217
Interest expense	13	262	245
Interest income	13	-38	-48
Fair value adjustment on biological assets	21	-247	380
Change in inventories		-558	-316
Change in accounts receivables and other receivables		94	64
Change in accounts payables and other payables		-182	10
Change in net pension liabilities		-7	6
Change in other accruals		53	19
Currency translation differences working capital		63	150
<b>Net cash flow from operating activities</b>		<b>1 211</b>	<b>1 795</b>
Proceeds from sale of fixed assets		102	94
Proceeds from sale of shares and other equity instruments		0	1 097
Purchase of intangible and tangible fixed assets	15,16	-1 126	-994
Purchase of shares and equity investments in other companies/business combinations		-89	-64
Cash inflow from business combinations	6	13	134
Dividend received	17	174	36
Interest income		38	48
Movements in long term loans granted		4	-6
Currency translation differences investing capital		7	31
<b>Net cash flow from investing activities</b>		<b>-878</b>	<b>375</b>
Proceeds from issuance of long-term interest bearing debt		1 380	881
Repayment of long-term interest bearing debt		-735	-1 395
Movement in short-term interest bearing debt		276	-105
Interest paid		-256	-238
Dividend paid		-684	-594
Acquisition of interest in a subsidiary from non-controlling interests	8	-60	-1
<b>Net cash flow from financing activities</b>		<b>-79</b>	<b>-1 452</b>
<b>Net change in cash and cash equivalents</b>		<b>254</b>	<b>718</b>
<b>Cash and cash equivalents at 01.01.</b>		<b>2 198</b>	<b>1 443</b>
Currency exchange gains of cash and cash equivalents		18	37
<b>Cash and cash equivalents at 31.12.</b>		<b>2 470</b>	<b>2 198</b>

See note 29 for further information about bank overdraft undrawn.

# Notes to the accounts

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# Notes to the accounts

## NOTE 1 GENERAL

Austevoll Seafood ASA is a public limited company registered in Norway. The Company's main office is located on Storebø in the municipality of Austevoll, Norway. Laco AS is the company's major shareholder and ultimate parent (see note 25).

The Company is listed on the Oslo Stock Exchange.

The annual, statutory accounts, based upon International Financial Reporting Standards (IFRS) as adopted by EU, were approved by the Board of Directors at April 21, 2016.

In the following "Group" is used to describe information related to Austevoll Seafood ASA Group whilst "Company" is used for the parent company itself.

All amounts in the notes are in NOK million, if not specified differently.

## NOTE 2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### BASIS OF PREPARATION

The consolidated financial statements of Austevoll Seafood Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention, as modified by biological assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

**(a) New and amended standards adopted by the Group**  
The company has implemented the following new or

amended IFRS standards or IFRIC interpretations with effect from 1 January 2015:

The amendment to IFRIC 21 Levies establishes that levies imposed by a government that are not tax shall not be recognised as a liability until the liability is incurred, i.e. that it is not possible to avoid this. One example of such levies is property tax. The interpretation has no material impact on the consolidated financial statements.

Other amendments to standards are not considered material for the consolidated financial statements.

### ***(b) New standards and interpretations not yet adopted by the Group***

New standards, amendments and interpretations related to existing standards which have not come into effect and where the Group has not chosen early adoption. Several new standards and amendments to standards and interpretations have been published, but are not mandatory for the financial year ending 31 December 2015. The Group has not chosen early adoption of these standards. None of these amendments are expected to have a material impact on the consolidated financial statements, with the exception of those disclosed below.

IFRS 9 Financial Instruments addresses classification, measurement and impairment of financial assets and liabilities, and introduces new regulations for hedge accounting. In July 2014, IASB implemented further amendments to the regulations regarding classification and measurement, and introduced a new model for impairment tests. Subsequent to these changes, IFRS 9 is now complete and ready for implementation. The standard comes into effect for financial years starting 1 January 2018 or later, but early adoption is allowed. The Group has yet to fully assess the impact of IFRS 9 and will not implement the new standard until 2018.

IFRS 15 Revenue from Contracts with Customers addresses revenue recognition. The new standard will replace IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. The new standard is based on the principle that revenue is recognised when control of a good or service is transferred from the seller to the buyer, whereas the previous standard required both the risk and the right to returns/losses to be transferred from the seller to the buyer. The standard comes into effect for financial years starting 1 January 2017 or later, but early adoption is allowed. The Group is

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

currently assessing the impact of IFRS 15 and will not implement the new standard until 2017.

There are no other standards or interpretations that have not come into effect and that are expected to have a material impact on the consolidated financial statements.

### CONSOLIDATION

#### *Subsidiaries*

Subsidiaries are all entities over which the Group has control. Control is defined as when the parent company has ownership interests that directly or indirectly convey more than half of the voting rights in a company, unless it can clearly be demonstrated that ownership does not grant control.

Control can also be based on agreements with other shareholders, irrespective of whether ownership exists as mentioned above.

Control also exists when the parent company has ownership interests that convey half or less of the voting rights in a company, but where the parent company also has:

- more than half of the voting rights via agreements with other shareholders,
- the right to appoint or remove the majority of the board members, or
- the majority of votes on the Board of Directors.

Control may also exist when a company owns a large minority interest with voting rights and no other owner or group of owners has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method is applied to acquisition of businesses. Identifiable assets, debt and contingent liabilities are recognised at fair value on the date of acquisition.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

The contingent consideration is measured at fair value on the date of acquisition. Subsequent changes in fair value of the contingent consideration are recognised, unless this is an equity instrument. Contingent considerations classified as equity are not remeasured, and subsequent settlements are charged to equity.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests in subsidiaries that do not result in loss of control are treated as equity transactions. In the event of further acquisitions, the difference between the consideration and the shares' proportional share of the carrying amount of net assets in the subsidiary is charged to shareholders' equity in the parent company. Gain or loss on the sale to non-controlling interests is correspondingly charged to equity.

#### *Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognise the amount adjacent to 'share of profit/(loss) of an associate' in the income statement.

Profit and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statement only to the extent of unrelated investor's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

### **Joint arrangements**

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2014 with restatement of comparatives. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations

each investor. Austevoll Seafood ASA has assessed the nature of its joint arrangements and determined that the investment in Marfood S.A should be considered as joint operation, and that the investments in Pelagia AS (from January 2014) and JV Cormar should be considered as joint ventures. Joint ventures are accounted for using the equity method, whereas the joint operation is accounted for by proportional consolidation.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

### **SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

### **FOREIGN CURRENCY TRANSLATION**

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian Kroner (NOK), which is the parent company's functional and presentation currency.

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

### ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains – net'.

### ***Group companies***

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. assets and liabilities for each balance sheet date presented are translated at the closing rate at the date of that balance sheet;
- ii. income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- iii. all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is disposed of, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

### ***REVENUE RECOGNITION***

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### ***Sales of goods***

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the goods and when the risks and rewards related to the goods have been transferred to the customer.

### ***Dividend income***

Dividend income is recognised when the right to receive payment is established.

### ***CURRENT AND DEFERRED INCOME TAX***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income.

The management continuously assesses the statements made in the tax return in situations where prevailing tax legislation is subject to interpretation. Based on the management's assessment, provisions are made for expected tax payments when deemed necessary.

Deferred income tax is provided in full at nominal values, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated on temporary differences from investments in subsidiaries, associated companies and jointly controlled operations, with the exception of situations where the Group has control over the timing of the reversal of the temporary differences and it is probable that these differences will not be reversed in the foreseeable future. The Group is not normally able to gain control over the reversal of temporary differences for associated companies. This would only be the case if an agreement had been signed enabling the Group to control reversal of temporary differences.

Deferred tax is recognised for temporary differences related to the actual investment in subsidiaries, associated companies and jointly controlled operations when it is no longer probable that the difference will not be reversed at a later date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### INTANGIBLE ASSETS

Internally generated intangible assets are not recognised in the accounts.

#### *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair

value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

### LICENCES

Below is a detailed description of the Group's assessments in situations where the Group has established that an asset has an indefinite useful life, cf. IAS 38.122. Intangible assets with an indefinite useful life are not amortised, but tested for impairment once a year as a minimum. Reference is made to the Note on intangible assets for information on impairment tests. All licenses are distributed to the Group companies by the government, and as such the licenses are at all-time subject to each countries fishing and fish farming quota regulations.

### LICENCE SCHEME IN NORWAY

The licence scheme for production of salmon and trout in Norway has been implemented by the Storting (the Norwegian Parliament) and adopted in the Norwegian Act relating to aquaculture (Aquaculture Act). The Ministry of Trade, Industry and Fisheries is responsible for allocation of aquaculture permits (licences). All activities involving aquaculture require a licence. It is prohibited to farm salmon/trout without a licence from the authorities, cf. section 4 of the Aquaculture Act. All licences are governed by the same regulations (current Aquaculture Act with provisions) irrespective of when the licence was allocated.

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

### ***Principal terms for different types of licences***

Since January 2005, the limitations on production established for aquaculture licences for salmon and trout have been governed according to a scheme known as Maximum Allowable Biomass (MAB). This specifies the maximum biomass in the sea that a licence holder can have at any given time.

The following regulations regarding production limitations apply to the different types of licences held by the Group:

Farming licences are limited in number, i.e. the enterprises are only granted new licences (more production volume) subsequent to politically adopted allocation rounds. The current Maximum Allowable Biomass is 780 tonnes of salmon or trout per licence. For Troms and Finnmark counties (region of North Norway) however, the Maximum Allowable Biomass is 945 tonnes of salmon or trout per licence. There are also some licences that, for historical reasons, have a different MAB limit than 780 tonnes. LSG with its subsidiaries has a sufficient number of locations (location MAB) in the different regions to achieve a satisfactory exploitation of the Group's total MAB. All commercial licences are currently operational.

Green farming licences are licences that were awarded in 2015 via a dedicated licensing round. Special conditions were attached to these licences, mainly concerning environmental improvement measures. The licences were awarded via open auctions or competitively, based on environmentally focused technology and operating concepts.

Demonstration licences are licences defined as for special purposes. Demonstration licences are granted to enterprises in order to spread knowledge of the aquaculture industry. Such licences are often operated in cooperation with a non-commercial entity.

Research and development licences are licences awarded in connection with research and development projects in the industry, where dedicated licences are required to carry out the R&D activity.

Slaughter cage licences are allocated for the use of sea cages for live fish ready for slaughter. These licences are attached to a specific location, which is the Group's slaughtering plant for salmon and trout.

Brood stock licences are also licences defined as for special purposes. Brood stock licences are granted for the production of salmon roe utilised to produce juvenile fish.

Juvenile fish licences are licences to produce juvenile salmon and trout in fresh water that in total authorise the licence holder to produce a specific number of juvenile salmon and trout. There are certain limitations on the size of juvenile fish produced according to the individual licence. If the licence holder does not have an exemption from the regulations in force, the largest permitted average weight is 250 grams on an individual level. Licences are granted on the basis of a discharge permit for a certain number of fish/biomass with a maximum allowable feed consumption per year. In situations where the water source is owned by a third party, an agreement is also required governing the right to utilise the water source.

There are no time limitations specified in the Group's terms for grow out and juvenile licences, and they are therefore deemed to be time-indefinite production rights according to the prevailing regulations. This also applies for green farming licences.

As the licences are not bound by a time-limited period, there is no need to apply for their renewal. The licences are deemed to be valid pursuant to the Aquaculture Act, unless they are revoked in accordance with the Act.

Research and development licences are time-limited, and in principle are valid for the duration of the project. They are often linked to the lifecycle of the salmon, i.e. three years. Applications may be made to renew R&D licences operated in close collaboration with research environments for a further three-year period after the end of the project.

The brood stock licences are granted for 15 years at a time, and applications have to be submitted for their renewal – provided that the licence holder is still involved in production of brood stock for salmon or trout. The Group consider their brood stock licences to have indefinite useful life. The licences for slaughter cages are allocated for 10 years at a time. Applications can be submitted for renewal of such licences provided that they are attached to an approved slaughtering plant and only utilised to keep fish ready for slaughter in immediate proximity to the slaughtering plant.

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

The Group's demonstration licences are granted with a duration of 10 years. Applications can be submitted for renewal of demonstration licences provided that the terms for the licence are met pursuant to the Aquaculture Act. Both brood stock and demonstration licences are a type of activity without any definite time limitation. In principle, the same factors as for brood stock licences will apply to demonstration licences.

The licence scheme for fishing rights in Norway has been implemented by the Storting (the Norwegian Parliament) and adopted in the Norwegian Act relating to the right to participate in fishing and catches (Participation Act) dated 26 March 1999, no. 15. The Ministry of Trade, Industry and Fisheries is responsible for allocation of the right to participate in Norwegian fisheries.

Paragraph 2 of the Act specifies its legislative scope; "The Act governs entitlement to take part in commercial fishing and catches and other harvesting of wild live marine resources by utilising ships that are Norwegian pursuant to the provisions in sections 1 and 4 of the Norwegian Maritime Code and ships that are owned by a foreign national who is resident in Norway, when the overall length of the ship is less than 15 metres. However, ships that are Norwegian pursuant to section 1 third paragraph of the Norwegian Maritime Code are not governed by the Act, unless the ship is owned by a person resident in Norway and the overall length of the ship is less than 15 metres. This Act defines ships that are governed by the first and second paragraphs as Norwegian ships."

### ***The main conditions for entitlement to fishing rights pursuant to the Participation Act are as follows:***

- A ship cannot be utilised for commercial fishing or catches unless it has been allocated a commercial permit by the Ministry of Trade, Industry and Fisheries.
- A commercial permit only entitles the holder to carry out fishing or catches in accordance with the provisions that apply at any given time in or pursuant to the Act relating to the management of wild living marine resources or the Participation Act.
- The Participation Act lists the following main conditions for allocation of commercial permits:
  - Nationality requirement
  - Residential requirement
  - Activity requirement
  - Requirement for a basis for operations
  - Requirement on ships

### ***Annulment of commercial permit***

A commercial permit is annulled when the owner loses the right of ownership to a ship, whether by compulsory sale, condemnation, shipwreck etc.

If the permit holder replaces one ship with another, an application is required for a new commercial permit so that the fishing rights are transferred to the new ship. Such transfer is normally granted provided that the requirements specified in the Participation Act are fulfilled.

### ***Retraction of commercial permit***

A commercial permit shall be retracted when the ship owner:

- a. no longer fulfils the requirements in section 5 of the Participation Act,
- b. has not been involved in commercial fishing or catches for at least three of the past five years on or with a Norwegian ship, and has no association with the fishing industry (Activity requirement).

### ***A commercial permit may be retracted when:***

- a. the ship has not been utilised for commercial fishing or catches for a specific period of time stipulated by the Ministry in a Regulation or in the commercial permit,
- b. the ship or ship owner no longer fulfils the conditions specified in or pursuant to the Participation Act,
- c. there are significant amendments to the conditions upon which the permit is based,
- d. the ship owner has, against better judgement, provided incorrect information or has concealed information of significance for the resolution to grant such a permit,
- e. the ship owner or other party involved in operating the ship is guilty of a serious or repetitive breach of the provisions laid down in or pursuant to the Participation Act or other fisheries legislation, or
- f. the entitlement to retract the permit exists pursuant to general regulations within administrative legislation.

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

If such incidents are of a less serious nature, the Ministry may decide to retract the commercial permit for a specific period of time.

The King may impose supplementary regulations on the retraction of permits.

There are no time limitations specified in the Group's conditions for fishing permits that apply to basic quotas, and they are therefore deemed to be time-indefinite rights according to the prevailing regulations.

As the fishing rights are not bound by a time-limited period, there is no need to apply for their renewal. The fishing rights are deemed to be valid pursuant to the Participation Act, unless they are annulled or retracted in accordance with the Act.

The Group also holds fishing rights that have a time limit – so-called structural quotas – and these are amortised over the lifetime of the individual structural quota.

### LICENCE SCHEME IN PERU

The fishing license is granted by the Production Ministry (Ministerio de la Producción) for the extraction of hydrobiological resources, subject to Fishing Regulations as stipulated by General Law of Fisheries (Decreto Ley N° 25977) and the Regulations for the General Law of Fisheries (Decreto Supremo N° 01-94-PE).

The Article 44 of the General Law of Fisheries (Decreto Ley N° 25977) says:

*“Article 44:  
Concessions, authorizations and licenses mean specific rights that the Production Ministry grants for an established term for the development of fisheries activities, pursuant to the provisions of this Law and under the conditions determined by its Regulations”*

Also, the Article 33 of the Regulation for the General Law of Fisheries (Decreto Supremo N° 01-94-PE) establish:

*“Article 33: Term of Fishing Licenses*

*33.1 In accordance with Article 44 of the Fisheries Law, the determinate term of fishing licenses for large-scale fishing vessels with national flag, applies since the time that such rights are granted until its expiration in accordance with this regulation.*

*33.2 To keep in force the term and content of the fishing licenses, the fishing vessel owners must prove to the General Directorate of Fish Harvesting and Fish Processing, not to have increased storage capacity authorized in the fishing license and accredit the vessel operation; also will be required to have made fish harvesting activity in the previous year and paid the corresponding fishing rights.*

It means that fishing license only expires in case the legal owner breach the requirements established in the mentioned article 33 of the Regulation for the General Law of Fisheries, otherwise, the fishing license keep in force unlimited.

The Supreme Decree N° 019-2011 (Regulations of Inspections and Sanctions for Fishing and Aquaculture), establish the limitations that fleet must fulfill during its operations.

Following, we list the main restrictions that the industry have:

- Catch or process hydrobiological resources without license or percentage assigned, operation license or without assignation of maximum limit of catch per vessel. (Cod. 1.1.)
- Catch restricted to authorized fishing seasons as announced by the Production Ministry (Cod. 2.5.)
- Catch, process or sell hydrobiological resources with smaller sizes as established. (anchoveta 12 cm, mackerel 31 cm, jack mackerel 31 cm) (Cod. 6.5)
- Catch hydrobiological resources in larger volumes to the hold capacity authorized in the fishing license (Cod. 75)
- Execute more than one fishing trip in a term of 24 hours (Cod. 82) Catch exceeding the season assigned quota (Cod. 84)
- Exceed the maximum limit of catch per vessel (Cod. 96)
- By catch is limited to 5%

The indeterminate life of fishing license is also subject to lack of severe penalties (maximum 2 allowed in 2 years).

### LICENCE SCHEME IN CHILE

Fishing and aquaculture activities are ruled by the “General Fishing and Aquaculture Law N° 18.892 of 1989” (“Ley General de Pesca y Acuicultura” or LGPA), which has received several modifications during its life, being the latest in Law N° 20.657 of February 9th, 2013. This modification to the law made important

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

amendments to the fishing system in Chile, with the main objective of ensuring the sustainability of fish resources, introducing a Eco systemic view of the marine environment and by improving the fish management, such as adding transferability to the existing individual quota system for industrial fleet and creating a mandatory scientifically supported quota management system.

The management of fisheries is performed by the Undersecretary of Fisheries ("Subsecretaría de Pesca"), a vice-ministry office that reports to the Minister of Economics.

The control of fishing activities of all kind (industrial, artisanal and sport) is under the National Fishing Service ("Servicio Nacional de Pesca" or Sernapesca), who in some cases, can delegate to private independent companies its services, as it does with the fish offloading control.

Until the introduction of 2013 fishing law modifications, fishing licenses were linked to a fishing vessel and couldn't be divided or independently transferred. These type of fishing license ("Permiso de Pesca") still exist for those species out of the list of tradable fishing license ("Licencia Transable de Pesca" or LTP), such as giant squid and mackerel.

However, main commercial species caught by the industrial and big coastal fleet are all under the LTP system, which was granted using the same individual quota set by the previous modification established by the fishing law no. 19.713 of 2001 (due for modification after 12 years in 2013), which was based on 50/50 allocation of historical catches between the years 1997 to 2000 and by vessel hold capacity. These LTPs are divided by fish species and macro-regions (grouped according to the geographical administrative area division of the country – regions). When the legislation was modified in 2013, an allowance was made to auction off 5% of the quota to a third party over a period of three years, albeit with a ceiling of maximum 15%. This applies to species such as horse mackerel. The earliest date for adoption is 2018, with effect from operating year 2019.

The LTPs are transferable, permanently or temporarily and also are subject to be used as guarantees to financial institutions, something impossible with previous regulation.

Fishing permits for the non-LTP species and linked to a physical fishing vessel are permanent. Fishing permits for the LTPs are granted for 20 years but are automatically renewed for same period of time, provided that the license holder has complied with labor and environmental regulations.

This has been considered a permanent license system, with a review process of the law every 20 years' time.

Fishing rights can be lost or reduced (partial loss), if a Company:

- Catches in excess over 10% of its quota during 2 years in a row.
- Doesn't perform fishing activities during 2 years or 12 consecutive months, unless is a case of force majeure, which must be approved by Undersecretary of Fisheries.
- If during a 5-year period, offloading of the 3 highest years are below 70% of the industry average. In this case, is a partial loss, applying a quota reduction equivalent to the difference between this average and the company actual landings.
- Repeatedly not submitting the statistical information required by law.
- Not paying fishing or specific fishing taxes. Gives a 30 day grace period after due dates.
- If court sentences company for spillage of chemical or other harmful substances into water portions.
- If sentenced repeatedly of illegal or unauthorized modifications, alterations or changes to fishing vessels.
- If Company has been sentenced 3 or more times within a 2-year period of infractions to anti-union labor law related only to workers on board vessels. This is a partial loss, equivalent to 10% of the main specie that the vessel was operating at infraction time.

### **Brand/trademarks**

Brands acquired, separately, or as part of a business combination are capitalised as a brand if it meets the definition of an intangible asset and the recognition criteria are satisfied. Brand acquired as part of a business combination are valued at fair value based on valuation done by external valuation experts. Brands assessed to have an indefinite useful life are not amortized but reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may have decreased.

### **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at historical

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the cost will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Buildings comprise mainly of factories and offices. Depreciation on other assets is calculated using the straight-line method to allocate cost less residual value over estimated useful lives as follows:

Detail		Depreciation
	Sector	period
Vehicles	Pelagic and salmon	3-10 years
Furniture and other equipment	Pelagic and salmon	3-25 years
Buildings	Pelagic and salmon	12-50 years
Fishing vessels and fishing equipment	Pelagic	8-25 years
Machinery and other equipment - Fishmeal	Pelagic	10-50 years
Machinery and other equipment - Consumption	Pelagic	7-30 years
Other production equipment	Pelagic	3-30 years
Feeding vessels - Fish farming	Salmon	10-15 years
Vessels - Fish farming	Salmon	10-15 years
Utilities (components) on vessels	Salmon	5-10 years
Other production equipment (on sea) - Fish farming	Salmon	5-15 years
Production equipment (on land) - Fish farming	Salmon	5-15 years

Components related to production equipment on land	Salmon	10 years
Surplus value AUSS PPA not allocated	Pelagic	15 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement as other gains and losses.

### IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have been impaired are reviewed for possible reversal of the impairment at each reporting date.

### FINANCIAL ASSETS

#### Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading (see section 'Derivative financial instruments and hedging activities'). Assets in

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

### **(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet (note 19).

### **(c) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

### **Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale

are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other financial income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss,

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

### INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### BIOLOGICAL ASSETS

Live fish is a biological asset. Accounting for biological assets is regulated by IAS 41 Agriculture. The main rule is that assets of this nature must be measured at fair value less costs to sell. 'Fair value' refers to the price that would have been achieved on sale of the asset in an orderly transaction between market participants at the measurement date under the prevailing market conditions. Measurement of fair value is regulated by IFRS 13.

Fair value is calculated using a valuation model (level 3 in the fair value hierarchy). See Note 21 for information on the fair value hierarchy. When calculating fair value, the price is adjusted for quality differences (superior, ordinary and process) and logistics costs. The volume is adjusted for gutting loss. The Group distinguishes between fish in sea weighing more than 4 kg and fish in sea weighing less than 4 kg. Fish over 4 kg (ready for harvest) are valued at net selling price – taking into account the factors mentioned above – using an average price based on the spot price on the balance sheet date and prices in contracts signed for the future. Reference is made to the parameters in the note on biomass. Fair value of fish in sea with an average weight of less than 4

kg is valued in the same way but adjusted based on the stage reached in the growth cycle. The adjustment represents an estimate of the cost of bringing the fish to harvest weight, plus a deduction for risk. Slaughter costs are taken into consideration. Fair value may be lower than historical cost.

Other biological assets such as roe, fry and smolt are also measured at fair value. However, because little biological transformation takes place (IAS 41.24) and due to the product's low value, low uniformity and a very limited market due to restrictions linked to use, cost is assumed to be a reasonable estimate of fair value. The same applies to cleaner fish.

In autumn 2015, the Financial Supervisory Authority of Norway published a report on thematic supervision of fish farming companies involving inspection of six listed fish farming companies, including Lerøy Seafood Group. Two topics were discussed relating to biological assets: how the fish farming companies handle mortality and the calculation of fair value. The Financial Supervisory Authority concluded that there were greater differences in practice between the companies than indicated in their annual reports. Differences of this nature impair intercompany comparability. The full report is available on the Financial Supervisory Authority's website. The Authority did not conclude that there were errors in the reported figures for the companies it investigated. However, the Authority encouraged the industry to try to develop common principles for handling mortality and a common valuation model, in order to increase comparability in future reporting. The companies concerned have therefore joined forces in a cross-industry group to address the issues highlighted by the Financial Supervisory Authority. The period of time from when the Authority's report was complete until the end of 2015 was, however, too short for the industry to implement any major changes. As a result, the only change made was to provide more information in the note on biomass when compared with last year. The aim is to achieve the most uniform method possible for stating the amounts for biological assets, and associated income statement items and key figures for the 2016 financial year.

### ACCOUNTS RECEIVABLE

Accounts receivable are measured at fair value on the transaction date, and will usually correspond to the nominal value of the receivable. On subsequent

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

measurement, accounts receivable are valued at nominal value minus provisions for loss. Provisions for loss are recognised when there are objective indications that the Group will not receive settlement in accordance with the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the account receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'other operating expenses'. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

### EMPLOYEE BENEFITS

#### *Pension obligations*

Group companies operate various pension schemes. The schemes are generally funded through payments to

insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The schemes are either a defined benefit plan or a defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting period date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

#### *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

discounted to present value.

### BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

### LEASES

#### Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term obligations. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset, but the expiry dates of the leases are considered when determining useful life.

#### Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

#### Provisions

Provisions (for e.g. environmental improvements, restructuring and legal claims) are recognised when:

- a legal or self-imposed liability exists as a result of previous events;

- it is more likely than not that the liability will be settled in the form of a transfer of economic resources;
- the size of the liability can be estimated with a sufficient level of reliability.

Provisions for restructuring costs comprise termination fees for lease contracts and severance pay for employees. No provisions are made for future operating losses. If several liabilities of the same character exist, the probability of settlement being made is determined for the liabilities as a group. Provisions for the group of liabilities are recognised even if the probability of settlement related to the individual liabilities in the group may be low.

Provisions are measured as the current value of expected payments required to clear the liability. A discount rate is applied before tax that reflects the current market situation and the specific risk for the liability. Any increase in a liability caused by a change in time value is recognised as a financial expense.

### DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements when the dividends are approved by the Company's shareholders.

### DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are registered in the balance sheet at fair value at the time of contract and are subsequently adjusted to current fair values. Registration of associated gains/losses depends on whether the derivative is regarded as a hedging instrument, and if so, what type of hedging. The Group classifies derivatives as either a) hedges of fair value of recognised assets or liabilities of a firm commitment (fair value hedge); or b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on the ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

offsetting changes in fair values or cash flows of hedged items.

Fair values of derivative instruments used for hedging are disclosed in Note 22. Fair value of a hedging derivative is classified as fixed assets or long-term liability if the hedging object matures in more than 12 months, and as current assets or short-term liabilities if the hedging object matures in less than 12 months.

### *(a) Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other gains/(losses) – net'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

### *(b) Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other gains/(losses) – net'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance income/cost'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from

equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other gains/(losses) – net'.

## CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities are defined as

- i. possible obligations resulting from past events whose existence depends on future events
- ii. obligations that are not recognised because it is not probable that they will lead to an outflow of resources
- iii. obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the annual financial statements apart from contingent liabilities which are acquired through the acquisition of an entity. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

Contingent liabilities acquired upon the purchase of operations are recognised at fair value even if the liability is not probable. The assessment of probability and fair value is subject to constant review. Changes in the fair value are recognised in the income statement.

A contingent asset is not recognised in the financial statements, but is disclosed if there is a certain level of probability that a benefit will accrue to the Group.

## CASH FLOW STATEMENT

The Group's cash flow statement shows the overall cash flow broken down to operating, investing and financing activities. The cash flow is reported on the basis of the indirect method. The cash flow statement illustrates the effect of the various activities on cash and cash equivalents. Cash flows resulting from the disposal of operations are presented under investing activities.

# Notes to the accounts

## NOTE 2 ACCOUNTING POLICIES (CONT.)

### EVENTS AFTER THE REPORTING PERIOD

New information after the reporting period concerning the Group's financial position at the reporting date is considered in the financial statements. An event after the reporting period that does not affect the Group's financial position on the reporting date, but will affect the Group's financial position in the future is reported where material.

### EARNINGS PER SHARE

Earnings per share is calculated by the profit attributable to equity holders of the company of the result for the period being divided by a time-weighted average of ordinary shares for the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

# Notes to the accounts

## NOTE 3 FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses to some degree derivative financial instruments to reduce certain risk exposures.

### Market risk

#### (i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, EUR, CLP and PEN. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts in addition to withdrawals and deposits on multicurrency accounts, in order to hedge as far as possible the currency risks on trade receivables, executed sales contracts and on-going contractual negotiations.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Based on a corresponding substantial long term receivables from these foreign operations with no planned settlement, the Group considers this as a net investment in the entities according to IAS 21. In the consolidated accounts the exchange differences on the long term receivables is therefore recognised initially in other comprehensive income, and will subsequently be reclassified from equity to profit or loss in the case of disposal of the net investment.

Entities within the Group have different functional currencies, i.e. NOK, USD, CLP and PEN. Changes in exchange rates that affects accounts receivable, other receivables, and liabilities nominated in other currencies than the entities functional currency will have a direct effect on the Groups income statement as per year end.

At 31 December 2015, if NOK had weakened/strengthened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been MNOK 79 higher/lower. The sensitivity is calculated based on foreign exchange gains/losses on translation of USD denominated trade receivables and other receivables, trade payables, cash in bank and interest bearing debt.

At 31 December 2015, if NOK had weakened/strengthened by 10% against the EUR with all other variables held constant, post-tax profit for the year would have been MNOK 53 higher/lower. The sensitivity is calculated based on foreign exchange gains/losses on translation of EUR denominated trade receivables and other receivables, trade payables, cash in bank and interest bearing debt.

Corresponding changes in exchange rates at year end of other currencies are not considered to have any material effect on the post-tax profit for the Group.

#### (ii) Price risk

Through the subsidiary Lerøy Seafood Group ASA, the group has a substantial exposure to the price risk of the fluctuating world prices on salmon and trout. To reduce this risk, LSG aims to have a certain part of the sales on fixed price contracts.

The Group is also exposed to changes in the prices of other products sold, mainly fishmeal, fish oil and human consumption products. Local management reviews before selling whether price levels are consistent with the target profitability. The group is also exposed to changes in prices of pelagic raw material purchase. Price risk identified here is not hedged by any derivative financial instruments.

#### (iii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group manage cash flow interest rate risk by using floating-to-fixed interest rate swaps for part of the borrowings. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term

# Notes to the accounts

## NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

Through the subsidiary Lerøy Seafood Group ASA, the group has entered into two interest swap agreements of fixed rate with DNB Bank ASA, the first one in November 2011 and the second one in January 2012, designed to hedge underlying long term loans with floating rates. Each agreement is of a nominal fixed value of MNOK 500, with a fixed rate of 3.55% for the first one and 3.29% for the second one, for the entire 10 year duration. Market values have been used to determine the fair value of the swap agreements at 31 December. The instruments are documented as far as cash flow hedges, and changes in fair value are recognised in other comprehensive income (OCI) until payments are made on the related hedged commitment.

Through the subsidiary Br. Birkeland AS, the group has one interest swap agreement with Nordea entered into in October 2008, of a nominal fixed value of MNOK 130, with a fixed rate of 4.65%, and a duration until 2018. Market values have been used to determine the fair value of the swap agreements at 31 December.

As at 31.12.2015, a total unrealised loss of MNOK 75 was included in other comprehensive income. Please refer to note 22 for further details.

If the interest rate level had been 0.5% higher (lower) throughout the year, all other variables held constant, profit before income taxes would have decreased (increased) by MNOK 15 in 2015 and MNOK 12,1 in 2014 through the impact of floating rate borrowings and deposits. The sensitivity analysis is based on the level of net interest bearing debt (NIBD) by year end 2015 and 2014.

Amounts in MNOK	Increase/reduction in basis points	2015	2014
Impact on profit before tax	+/- 50	-/+ 15	-/+ 12

### Credit risk

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Normally the Group sells only based upon letter of credit or payments in advance for new customers. Credit insurances are being used when this is deemed appropriate. For customers with a reliable track record in the Group, sales within certain agreed-upon levels are done without any security.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying

businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents (note 29)) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping. The amounts disclosed in the table are the undiscounted cash flows, i.e. interest included. Repayment profile is disclosed in note 29.

# Notes to the accounts

## NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

31.12.2015	Less than			
	1 year	1-2 years	3-5 years	Over 5 years
Borrowings (excl. finance liabilities)	1 089	539	2 261	2 168
Financial lease liabilities	237	282	382	210
Trade and other payables (excl. Statutory liabilities)	1 292	0	1	24

31.12.2014	Less than			
	1 year	1-2 years	3-5 years	Over 5 years
Borrowings (excl. finance liabilities)	1 138	989	1 402	2 467
Financial lease liabilities	148	232	197	186
Trade and other payables (excl. Statutory liabilities)	1 484	0	1	45

### Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. For further information on the dividend policy please refer to the Corporate Governance chapter 3 of the Annual Report.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net interest bearing debt divided by capital employed. Net interest bearing debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less interest bearing assets and cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015	2014
Total borrowings (note 29)	7 308	6 174
Less: cash and cash equivalents	2 470	2 198
Less: other interest bearing assets	0	16
Net interest bearing debt	4 838	3 960
Total equity	13 611	12 360
<b>Capital employed</b>	<b>18 449</b>	<b>16 320</b>
<b>Gearing ratio</b>	<b>26 %</b>	<b>24 %</b>

# Notes to the accounts

## NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. None of the shares categorized as available for sale are traded in active markets.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by the use of valuation techniques. The Group uses a variety of methods and makes assumptions that are based on

market conditions existing at each balance sheet date. Other techniques, such as estimated discounted cash flows, are also used in certain cases. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## FINANCIAL INSTRUMENTS BY CATEGORY

31.12.2015		Derivatives		
Assets as per balance sheet	Loans and receivables	used for hedging	Available for sale	Total
Trade and other receivables excl. prepayments*	2 123	0	0	2 123
Cash and cash equivalents	2 470	0	0	2 470
<b>Total assets</b>	<b>4 594</b>	<b>0</b>	<b>0</b>	<b>4 594</b>

\* Prepayments are excluded from the trade and other receivables balance sheet as this analysis is required only for financial instruments.

31.12.2015		Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet					
Borrowings excl. finance lease liabilities*	0	0	6 277	6 277	
Finance lease liabilities*	0	0	1 031	1 031	
Derivative financial instruments	0	139	0	139	
Trade and other payable excl. statutory liabilities*	0	75	1 537	1 612	
<b>Total</b>	<b>0</b>	<b>214</b>	<b>8 845</b>	<b>9 059</b>	

\* The categories in this disclosure are determined by IAS 39. Finance leases are mostly outside the scope of IAS 39, but they remain within the scope of IFRS 7. Therefore finance leases have been shown separately. Statutory liabilities are excluded from the trade payables balance, as this analysis is required only for financial instruments. Forward currency exchange contracts are presented as other short term liabilities in the balance sheet.

# Notes to the accounts

## NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

31.12.2014 Assets as per balance sheet	Loans and receivables	Derivatives used for hedging	Available for sale	Total
Investments in other shares	0	0	34	34
Trade and other receivables excl. prepayments*	2 206	0	0	2 206
Cash and cash equivalents	2 198	0	0	2 198
<b>Total assets</b>	<b>4 405</b>	<b>0</b>	<b>34</b>	<b>4 438</b>

\* Prepayments are excluded from the trade and other receivables balance sheet as this analysis is required only for financial instruments.

31.12.2014 Liabilities as per balance sheet	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Borrowings excl. finance lease liabilities*	0	0	5 476	5 476
Finance lease liabilities*	0	0	699	699
Derivative financial instruments	0	149	0	149
Trade and other payable excl. statutory liabilities*	0	73	1 686	1 760
<b>Total</b>	<b>0</b>	<b>222</b>	<b>7 861</b>	<b>8 083</b>

\* The categories in this disclosure are determined by IAS 39. Finance leases are mostly outside the scope of IAS 39, but they remain within the scope of IFRS 7. Therefore finance leases have been shown separately. Statutory liabilities are excluded from the trade payables balance, as this analysis is required only for financial instruments. Forward currency exchange contracts are presented as other short term liabilities in the balance sheet.

## FINANCIAL INSTRUMENTS BY VALUATION METHOD

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

# Notes to the accounts

## NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015.

Assets measured at fair value through profit or loss	Level 1	Level 2	Level 3
Financial assets available for sale			
- Investment in shares	0	0	33
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>33</b>
Liabilities measured at fair value through profit or loss	Level 1	Level 2	Level 3
Derivatives used for hedging			
-Fair value hedging	0	75	0
-Cash flow hedging	0	139	0
<b>Total liabilities</b>	<b>0</b>	<b>214</b>	<b>0</b>

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014.

Assets measured at fair value through profit or loss	Level 1	Level 2	Level 3
Financial assets available for sale			
- Investment in shares	0	0	36
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>36</b>
Liabilities measured at fair value through profit or loss	Level 1	Level 2	Level 3
Derivatives used for hedging			
-Fair value hedging	0	73	0
-Cash flow hedging	0	149	0
<b>Total liabilities</b>	<b>0</b>	<b>222</b>	<b>0</b>

There were no transfers between level 1 and 2 during the year.

### (a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

### (b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Other long term receivables, trade receivables and other short term receivables are measured at level 3.

# Notes to the accounts

## NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### ***Critical accounting estimates and assumptions***

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### ***Recoverable amount of goodwill and licenses***

The Group tests annually whether goodwill and licenses with indefinite lives have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and are further described in note 15.

### ***Income taxes***

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period

in which such determination is made. The utilisation of recognised tax assets will depend on future tax earnings in various jurisdictions, and may not be offset between various tax regimes. Valuation of tax assets is therefore based on estimates of future tax earnings in some of the tax regimes.

### ***Inventory***

Finished goods of fish are measured at the lowest of cost and net realisable value. Material fluctuations in sales prices do occur for such inventory, and might rapidly outdate the assessments made by the Group at a given date.

### ***Trade receivable***

Accounting for receivables requires use of judgmental estimates for quantification of provisions for bad debt. Provisions are being made when e.g. balances are falling due or material worsening in the customer's financial situation takes place, given that repayment of the balances are considered uncertain.

### ***Value adjustment of biological assets***

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 valuation principles. 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 31.12.15, shows the following impact on the Group's operating profit (MNOk):

	<b>NOK 1.00/kg</b>	<b>NOK 2.00/kg</b>	<b>NOK 5.00/kg</b>
Price reduction per kilo Reduced operating profit	-67	-134	-332
Price increase per kilo Increased operating profit	67	134	337

# Notes to the accounts

## NOTE 5 GROUP COMPANIES

The consolidated financial statements include Austevoll Seafood ASA and the following subsidiaries:

Company	Note	Country	Parent company	Ownership %
Lerøy Seafood Group ASA		Norway	Austevoll Seafood ASA	62,56 %
Lerøy Midt AS		Norway	Lerøy Seafood Group ASA	100 %
Lerøy Vest AS		Norway	Lerøy Seafood Group ASA	100 %
Lerøy Aurora AS		Norway	Lerøy Seafood Group ASA	100 %
Lerøy Nord AS		Norway	Lerøy Seafood Group ASA	51 %
Sjøtroll Havbruk AS		Norway	Lerøy Seafood Group ASA	50,71 %
Lerøy Fossen AS		Norway	Lerøy Seafood Group ASA	100 %
Lerøy & Strudshavn AS		Norway	Lerøy Seafood Group ASA	100 %
Lerøy Portugal Lda		Portugal	Lerøy Seafood Group ASA	60 %
Sandvikstomt 1 AS	6	Norway	Lerøy Seafood Group ASA	0 %
Lerøy Sverige AB		Sweden	Lerøy Seafood Group ASA	100 %
Lerøy Alfheim AS		Norway	Lerøy Seafood Group ASA	100 %
Lerøy Delico AS		Norway	Lerøy Seafood Group ASA	100 %
Lerøy Trondheim AS		Norway	Lerøy Seafood Group ASA	100 %
Sjømathuset AS		Norway	Lerøy Seafood Group ASA	100 %
Hallvard Lerøy AS		Norway	Lerøy Seafood Group ASA	100 %
Lerøy Finland OY		Finland	Lerøy Seafood Group ASA	100 %
Preline Fishfarming System AS	6	Norway	Lerøy Seafood Group ASA	91 %
Norsk Oppdrettservice AS	6	Norway	Lerøy Seafood Group ASA	51 %
Rodè Beheer B.V.		Holland	Lerøy Seafood Group ASA	50,10 %
Lerøy Processing Spain S.L.		Spain	Lerøy Seafood Group ASA	100 %
Lerøy Turkey Sürünleri San. Ve Tic .S.	6	Turkey	Lerøy Seafood Group ASA	100 %
Lerøy Quality Group AS		Norway	Hallvard Lerøy AS	100 %
Bulandet Fiskeindustri AS		Norway	Hallvard Lerøy AS	76,34 %
Lerøy Sjømatgruppen AS		Norway	Hallvard Lerøy AS	100 %
Lerøy USA Inc		USA	Hallvard Lerøy AS	100 %
Hallvard Lerøy SAS		France	Hallvard Lerøy AS	100 %
Fishcut SAS		France	Hallvard Lerøy SAS	100 %
Eurosalmon SAS		France	Hallvard Lerøy SAS	100 %
Lerøy Smögen Seafood AB		Sweden	Lerøy Sverige AB	100 %
Lerøy Alt i Fisk AB		Sweden	Lerøy Sverige AB	100 %
Lerøy Stockholm AB		Sweden	Lerøy Sverige AB	100 %
Lerøy Nordhav AB		Sweden	Lerøy Sverige AB	100 %
Laksefjord AS		Norway	Lerøy Aurora AS	100 %
Senja Akvakultursenter AS	6	Norway	Lerøy Aurora AS	100 %
Sirevaag AS		Norway	Lerøy Delico AS	100 %
Lerøy Aakkvik Rogn og Stamfisk AS		Norway	Lerøy Midt AS	100 %
Norsk Oppdrettservice Molde AS		Norway	Norsk Oppdrettservice AS	100 %
Rodè Vis International AS		Norway	Rodè Beheer B.V.	100 %
Rodè Vis B.V.		Holland	Rodè Beheer B.V.	100 %
Rodè Vastgoed B.V.		Holland	Rodè Beheer B.V.	100 %
Royal Frozen Seafood B.V.		Holland	Rodè Beheer B.V.	100 %
Rodè Retail B.V.		Holland	Rodè Beheer B.V.	100 %
Lerøy Culinar B.V.		Holland	Rodè Retail B.V.	50 %

# Notes to the accounts

## NOTE 5 GROUP COMPANIES (CONT.)

Company	Note	Country	Parent company	Ownership %
Lerøy Culinar B.V.		Holland	Hallvard Lerøy AS	50 %
Lerøy Germany GmbH		Germany	Rodè Retail B.V.	50 %
Lerøy Germany GmbH		Germany	Hallvard Lerøy AS	50 %
AUSS Shared Service AS		Norway	Austevoll Seafood ASA	100 %
Austevoll Laksepakkeri AS		Norway	Austevoll Seafood ASA	100 %
AUSS Laks AS		Norway	Austevoll Laksepakkeri AS	100 %
Aumur AS		Norway	Austevoll Seafood ASA	100 %
Murman Fishing Company Ltd.		Cyprus	Aumur AS	100 %
Austevoll Eiendom AS		Norway	Austevoll Seafood ASA	100 %
Austevoll Pacific AS		Norway	Austevoll Seafood ASA	100 %
Gateport Overseas Ltd *		Panama	Austevoll Pacific AS	100 %
Andean Opportunities Funds Ltd.*		Caymen Island	Gateport Overseas Ltd.	100 %
Dordogne Holdings Ltd.*		Panama	Gateport Overseas Ltd.	66,67 %
Dordogne Holdings Ltd.*		Panama	Andean Opportunities Funds Ltd.	33,33 %
Austral Group S.A.A		Peru	Dordogne Holdings Ltd.	89,35 %
Conserveras de las Americas S.A		Peru	Austral Group S.A.A	100 %
A-Fish AS		Norway	Austevoll Seafood ASA	100 %
Aconcagua Ltd *		Jersey	A-Fish AS	100 %
Consortium Enterprises (Jersey) Ltd.*		Jersey	Aconcagua Ltd	100 %
Beechwood Ltd. **		Panama	Consortium Enterprises (Jersey) Ltd.	100 %
Pesquera Nuevo Horizonte Ltd. **		Chile	Beechwood Ltd.	99 %
Pesquera Nuevo Horizonte Ltd. **		Chile	Foodcorp Chile S.A	1 %
Foodcorp Chile S.A		Chile	Consortium Enterprises (Jersey) Ltd.	73,61 %
Foodcorp Chile S.A		Chile	Austevoll Seafood ASA	26,39 %
Cultivos Pacfish S.A		Chile	Foodcorp Chile S.A	100 %
Br. Birkeland AS		Norway	Austevoll Seafood ASA	49,99 %
Bjånesøy Eiendom AS		Norway	Br. Birkeland AS	100 %
Kobbevik og Furuholmen Oppdrett AS		Norway	Br. Birkeland AS	100 %
Birkeland Fiskebåtrederi Holding AS		Norway	Br. Birkeland AS	85,70 %
Br. Birkeland Fiskebåtrederi AS		Norway	Birkeland Fiskebåtrederi Holding AS	100 %
Opilio AS		Norway	Birkeland Fiskebåtrederi Holding AS	100 %
Talbor AS		Norway	Birkeland Fiskebåtrederi Holding AS	100 %
Maron AS		Norway	Birkeland Fiskebåtrederi Holding AS	100 %

\* The company are Norwegian object of taxation

\*\* Dormant company to be wind up

# Notes to the accounts

## NOTE 6 ACQUISITION OF SHARES/BUSINESS COMBINATIONS

A business combination has been executed in 2015 in Br. Birkeland AS (BRBI). At 31 December 2014, BRBI owned 26% of Maron AS. Maron AS owns and operates a pelagic ring net vessel with a basic licence of 471 tonnes. The majority shareholders in Maron AS have assigned their shares in the company (74%) as a contribution in kind for BRBI in return for shares in BRBI's subsidiary, Birkeland Fiskebåtrederi Holding AS. Subsequent to the

business combination, Birkeland Fiskebåtrederi Holding AS owns and operates three pelagic fishing vessels. The payment for the shares is estimated as NOK 160 million and net identifiable assets are valued at NOK 189 million (100%). The transition from associate to subsidiary is not expected to result in any changes to the value of Maron AS, so no items have been recognised on the income statement in connection with the acquisition.

Purchase price allocation	100,00 %	26,00 %	74,00 %
Recognised equity in Maron AS after business combination	26	7	19
Net identified fair value adjustments in Maron AS after business combination	189	49	140
<b>Identified value in Maron AS after business combination</b>	<b>216</b>	<b>56</b>	<b>160</b>

Calculation of gain from business combination	2015
Fair value at date of business combination	216
Booked value of shares in Maron AS at acquisition date	216
<b>Gain on realisation of shares in assosiated company</b>	<b>0</b>

Fair value adjustments Maron AS	Balance before BC	Fair value adjustments	Fair value adjustments
Licences	68	260	327
Goodwill	0	0	0
Fixed assets	27	0	27
Financial assets	0	0	0
Inventory	0	0	0
Short term receivables	1	0	1
Cash in bank	5	0	5
<b>Identified value</b>	<b>100</b>	<b>260</b>	<b>360</b>
Equity	26	189	216
Deferred tax	0	70	70
Other non-current liabilities	73	0	73
Current liabilities	1	0	1
<b>Total equity and liabilities</b>	<b>100</b>	<b>260</b>	<b>360</b>

# Notes to the accounts

## NOTE 6 ACQUISITION OF SHARES/BUSINESS COMBINATIONS (CONT.)

### **Lerøy Finnmark AS – merged with Lerøy Aurora AS**

The two fish 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 acquiring party. The merger was reported on the accounts according to the regulations for group continuity.

### **Lerøy Turkey (Alfarm Alarko Lerøy) – Transition from associated company to subsidiary**

The Group increased its equity interest in Alfarm Alarko Lerøy from 50% to 100% at the start of 2015, by purchasing the remaining 50% of the shares. Alfarm Alarko Lerøy has operations based in Turkey. In addition to importing and distributing fresh fish, the company is also engaged in processing and smoking of fish. The company will be of strategic importance in relation to the Group's objective to develop new and existing markets. In correspondence with the accounting standards IFRS 3 and IFRS 10, the change from associated company to subsidiary implies a new measurement in the consolidated financial statements of assets and liabilities relating to the values in the former associated company.

### **Senja Akvakultursenter AS – Acquisition of subsidiary**

At the start of 2015, the Group acquired 100% of the shares in the Norwegian company Senja Akvakultursenter AS via Lerøy Aurora AS. The company has its operations based in Troms (North Norway). The company owns a large plot of land regulated for aquaculture, and is currently a major producer of lumpfish.

### **Norsk Oppdrettsservice AS – Transition from associated company to subsidiary**

In December 2015, the Group increased its stake in Norsk Oppdrettsservice AS from 34% to 51% with a further acquisition of shares. Lerøy Seafood Group exercised an option effective as of 1 January 2015 to purchase shares to increase their shareholding to 51% of the company at a pre-agreed price. Due to this option, the actual date when control was achieved was stipulated as 1 January 2015. As the payment for the initial transaction at the end of 2014 and the second transaction in 2015 have to be assessed together, no impact on result was recorded from the new measurement of value required on the transition from associated company to subsidiary. This company is now a major producer of lumpfish.

<b>Fair value adjustments</b>	<b>Balance before BC</b>	<b>Conversion of liabilities</b>	<b>Fair value adjustments</b>	<b>Goodwill</b>	<b>Fair value balance</b>
Goodwill	0	0	0	42	42
Deferred tax assets	0	0	13	0	14
Licences	0	0	60	0	60
Other intangibles	2	0	-2	0	0
Fixed assets	24	0	18	0	42
Financial assets	0	0	0	0	0
Inventory	16	0	-3	0	13
Short term receivables	43	0	-3	0	39
Cash in bank	8	0	0	0	8
<b>Identified value</b>	<b>93</b>	<b>0</b>	<b>84</b>	<b>42</b>	<b>219</b>
Equity	35	27	53	42	157
Deferred tax	1	0	21	0	22
Other non-current liabilities	34	-27	0	0	7
Current liabilities	24	0	10	0	34
<b>Total equity and liabilities</b>	<b>93</b>	<b>0</b>	<b>84</b>	<b>42</b>	<b>219</b>

# Notes to the accounts

## NOTE 6 ACQUISITION OF SHARES/BUSINESS COMBINATIONS (CONT.)

<b>Value added analysis</b>	<b>100 %</b>
Recognised equity	62
Net identified added value	53
<b>Identified value</b>	<b>114</b>
Non-controlling interests' share of identified value	18
<b>Fair value of total consideration</b>	<b>100 %</b>
Face value of receivable converted to shares*	30
Cumulative impairment loss on receivable	-30
<b>Fair value of receivables converted to shares</b>	<b>0</b>
Consideration transferred (cash)	88
Amount of non-controlling interest in the acquiree	24
Fair value of the acquirer's previously held equity interest in the acquiree from business combinations achieved in stages	45
<b>Fair value of total consideration</b>	<b>157</b>
<b>Calculation of goodwill</b>	<b>100 %</b>
Total purchase price	157
Net identified value	114
<b>Total goodwill</b>	<b>42</b>
Non-controlling interests' share of goodwill	7
<b>Leroy Turkey - Gain from fair value measurement</b>	<b>50 %</b>
Fair value based on purchase price	40
NBV based on Equity method	28
<b>Gain based on NBV</b>	<b>12</b>
Cumulative exchange differences recycled over PL**	-4
<b>Net profit after recycling of cumulative exchange differences previously booked as comprehensive income items***</b>	<b>8</b>

\* Recalculated from 91% (controlling interests) to 100%

\*\* Recycled cumulative exchange differences is booked as agio loss included in other financial items

\*\*\* Gain and profit and loss is after tax

# Notes to the accounts

## NOTE 7 DIVIDENDS PER SHARE

Distributed dividend per share in 2015, based on profit figure for 2014 was NOK 2.00 per share. This amounted to a total of TNOK 405,434. Based on the profit figure for 2015, and sale of shares in Lerøy Seafood Group ASA in

March 2016, a dividend payment of NOK 7.00 per share is suggested for 2016. This will in total constitute TNOK 1,419,019. A final decision will be made by the ordinary shareholders' meeting on 25 May 2016.

Year	Profit after tax to AUSS shareholders	No. of shares 31.12.	Average no of shares*	Earnings per share*	Suggested dividend
2015	722	202 717 374	202 717 374	3,56	1 419
2014	555	202 717 374	202 717 374	2,74	405
2013	699	202 717 374	202 717 374	3,45	324
2012	419	202 717 374	202 717 374	2,07	243
2011	369	202 717 374	202 717 374	1,82	203
2010	1 222	202 717 374	202 717 374	6,03	304
2009	723	202 717 374	188 917 000	3,83	243
2008	122	184 317 374	184 317 374	0,66	0
2007	499	184 317 374	183 302 000	2,72	55
2006 *	264	178 224 624	145 550 000	1,82	0
<b>Total</b>	<b>5 595</b>				<b>3 197</b>

Year	Proposed dividend per share	Dividend in % of net result(100%) ex. Fair value of biological assets	Dividend paid out (from last year)	No. of shares	Distributed dividend per share
2015	7,00	129 %	405	202 717 374	2,00
2014	2,00	32 %	324	202 717 374	1,60
2013	1,60	32 %	243	202 717 374	1,20
2012	1,20	59 %	203	202 717 374	1,00
2011	1,00	21 %	304	202 717 374	1,50
2010	1,50	20 %	243	202 717 374	1,20
2009	1,20	26 %	0	202 717 374	0,00
2008	0,00	0 %	55	184 317 374	0,30
2007	0,30	12 %	0	184 317 374	0,00
2006*)	0,00	0 %	0	178 224 624	0,00
<b>Total</b>	<b>15,80</b>		<b>1 778</b>		<b>8,80</b>

\*) Including own shares 1,722,223 held by the subsidiary Br. Birkeland AS.

AUSS aims to maximize value creation for the benefit of shareholders by constantly striving to achieve good results. Over time, the target is to pay out between 20% and 40% of the Group's net profit as dividends (excluding the value adjustment of biological assets).

# Notes to the accounts

## NOTE 8 CHANGE OF OWNERINTEREST IN SUBSIDIARIES

### Acquisition of additional interest in subsidiary

In 2015 the Group acquired a further 50% of the shares in Alfarm Alarko Lerøy (Leroy Turkey), whereby the Group now owns 100% of the shares. In addition the group acquired further 17% of the shares in Norsk Oppdrettsservice AS, whereby the group now owns 51% of the shares.

The acquirement in 2014 was related to purchase of 7,3% of the shares in Bulandet Fiskeindustri AS, from an owner interest of 68,74% to 76,04%.

The effect of changes in the ownership interests mentioned above on the equity attributable to owners of the Group is summarized as follows:

Amounts in MNOK	2015	2014
Carrying amount of non-controlling interests acquired	60	1
Consideration paid to non-controlling interests	-60	-1
<b>Excess of consideration paid recognised in parent's equity</b>	<b>0</b>	<b>0</b>

# Notes to the accounts

## NOTE 9 CHANGE IN ACCOUNTING POLICIES

18 March 2016 Austevoll Seafood ASA (“Austevoll”) sold 2,750,000 shares (5%) in Lerøy Seafood Group ASA at a price of NOK 355 per share, which equals gross proceeds of NOK 976.3 million. After the transaction, Austevoll owns 31,394,281 shares in Lerøy Seafood Group ASA, corresponding to approximately 57.52% of the share capital in Lerøy Seafood Group ASA.

The Board of Austevoll intends to propose for the ordinary shareholders meeting in the company that the net proceeds from the transaction will increase the

recommended dividend payment for 2015 to NOK 7.00 per share, from the previously announced NOK 2.20 per share. The Board of Austevoll is very satisfied with the ownership in Lerøy Seafood Group ASA, and will, through its remaining significant ownership, contribute to further development and value creation. Increased free float in the Lerøy share is expected to improve the liquidity in the share going forward.

Austevoll has entered into a customary lock up of the remaining of the shares for a period of 90 calendar days from closing of the transaction.

## NOTE 10 SEGMENT INFORMATION

### Operating segments

The Board of Directors is the Group’s chief operating decision-maker. Management has determined the operating segment based on the information reviewed by the Board of Directors. The Board of Directors considers the business from a company perspective. Several of the larger companies controlled by AUSS are separately listed companies, and as such naturally reviewed on a consolidated basis.

### Lerøy Seafood Group ASA

Lerøy Seafood Group ASA (LSG) is a Norwegian public company listed on the Oslo Stock Exchange. LSG is involved in fish farming (salmon and trout), VAP, and sale and distribution of different fish species and processed fish products.

### Austral Group S.A.A - Peru

Austral Group S.A.A (Austral) is a Peruvian public company listed on the Peru Stock Exchange. Austral is engaged in the production of fishmeal, fish oil, canned fish and frozen fish. From its fishing vessels to the finished products produced in the 4 fishmeal/oil factories, two canning plants and one freezing plant, Austral is a truly integrated system.

### Foodcorp Chile S.A - Chile

Foodcorp Chile S.A. (FC) is a Chilean private company within the pelagic sector. The company is located in Coronel and is a truly integrated system engaged in production of frozen fish, canned fish, fishmeal and fish oil. The company holds a fleet of 5 modern purse-seiner vessels.

### Br. Birkeland AS

The Norwegian Br. Birkeland AS group holds pelagic fishing licences which are utilised by 3 modern purse-seiner fishing vessels, in addition the company owns one vessel with licence to fish snow crab. The Br. Birkeland AS group also holds 7 salmon farming licenses in the Western Region of Norway. Although the Br. Birkeland AS segment does not meet the quantitative thresholds required by IFRS 8 for reportable segments, management has concluded that this segment should be reported, as it is closely monitored by the Board of Directors.

### Pelagia AS

Pelagia AS is private company within the pelagic sector. Pelagia AS is engaged in production of fish meal, fish oil and frozen fish for direct human consumption. Pelagia AS has its production facilities in Norway, UK and Ireland.. The company is jointly owned with Kvefi AS, and is accounted for as a joint venture.

### Other / Elimination

Austevoll Seafood ASA (parent company), Austevoll Eiendom AS, Austevoll Laksepakkeri AS, AUSS Laks AS and AUSS Shared Service AS are not included in any of the operating segments. Unrealised gains on sales between the operating segments, which are eliminated in the consolidated financial statements, are also presented as Other/Elimination.

# Notes to the accounts

## NOTE 10 SEGMENT INFORMATION (CONT.)

2015	LSG ASA	Austral Group	Food corp	Br. Chile	Birke-land AS	Pelagia AS 50 %	Other/ elim	Group
External income	13 258	1 090	490	355	3 046	-2 999	15 240	
Inter-segment income	193	0	0	167	0	-360	0	
Other gains and losses	34	1	0	-1	0	0	0	34
<b>Total segment income</b>	<b>13 485</b>	<b>1 091</b>	<b>490</b>	<b>520</b>	<b>3 046</b>	<b>-3 359</b>	<b>15 274</b>	
Operating expenses	-11 671	-819	-444	-414	-2 687	3 005	-13 030	
<b>Operating profit before depreciation, amortisation, impairment and fair value adjustment of biological assets</b>	<b>1 814</b>	<b>273</b>	<b>47</b>	<b>106</b>	<b>359</b>	<b>-354</b>	<b>2 244</b>	
Depreciation and amortisation	-434	-164	-64	-67	-85	64	-750	
Impairment/reversal of impairments*)	0	8	-116	0	0	0	-108	
<b>Operating profit before fair value adjustment of biological assets</b>	<b>1 380</b>	<b>117</b>	<b>-134</b>	<b>39</b>	<b>274</b>	<b>-291</b>	<b>1 386</b>	
Fair value adjustment of biomass	189	0	0	58	0	0	247	
<b>Operating profit</b>	<b>1 568</b>	<b>117</b>	<b>-134</b>	<b>97</b>	<b>274</b>	<b>-291</b>	<b>1 633</b>	
Income from equity accounted investments	61	0	0	-1	23	181	264	
Interest income	12	0	2	9	0	18	41	
Interest expenses	-126	-25	-4	-24	-28	-55	-263	
Net other financial	-15	-86	0	3	-14	8	-103	
<b>Profit before tax</b>	<b>1 501</b>	<b>7</b>	<b>-136</b>	<b>84</b>	<b>255</b>	<b>-139</b>	<b>1 572</b>	
Income tax expense	-268	-22	-7	-4	-49	61	-289	
<b>Net profit</b>	<b>1 233</b>	<b>-15</b>	<b>-143</b>	<b>80</b>	<b>206</b>	<b>-78</b>	<b>1 283</b>	
Profit attributable to non-controlling interest	509	-2	0	53	3	-3	561	
<b>Profit attributable to Austevoll Seafood ASA shareholders</b>	<b>724</b>	<b>-14</b>	<b>-143</b>	<b>27</b>	<b>203</b>	<b>-75</b>	<b>722</b>	
<b>Dividend attribute to AUSS</b>	<b>410</b>			<b>7</b>	<b>125</b>	<b>1</b>	<b>543</b>	

\* For information regarding impairments, see note 15 and 16.

# Notes to the accounts

## NOTE 10 SEGMENT INFORMATION (CONT.)

2014	LSG ASA	Austral Group	Food corp Chile	Br. Birke-land AS	Pelagia AS 50 %	Other/ elim	Group
External income	12 402	1 069	501	215	2 823	-2 781	14 228
Inter-segment income	178	0	0	214	0	-392	0
Other gains and losses	117	-2	0	0	0	0	116
<b>Total segment income</b>	<b>12 697</b>	<b>1 067</b>	<b>501</b>	<b>429</b>	<b>2 823</b>	<b>-3 173</b>	<b>14 344</b>
Operating expenses	-10 537	-887	-421	-338	-2 528	2 883	-11 828
<b>Operating profit before depreciation, amortisation, impairment and fair value adjustment of biological assets</b>	<b>2 160</b>	<b>180</b>	<b>79</b>	<b>92</b>	<b>295</b>	<b>-290</b>	<b>2 516</b>
Depreciation and amortisation	-370	-138	-53	-52	-85	68	-630
Impairment/reversal of impairments*)	-2	-3	-25	0	0	0	-30
<b>Operating profit before fair value adjustment of biological assets</b>	<b>1 789</b>	<b>39</b>	<b>1</b>	<b>39</b>	<b>210</b>	<b>-222</b>	<b>1 856</b>
Fair value adjustment of biomass	-327	0	0	-52	0	0	-380
<b>Operating profit</b>	<b>1 461</b>	<b>39</b>	<b>1</b>	<b>-13</b>	<b>210</b>	<b>-222</b>	<b>1 476</b>
Income from equity accounted investments	92	0	0	0	18	107	217
Interest income	21	1	1	5	4	31	63
Interest expenses	-124	-18	-5	-21	-58	-35	-260
Net other financial	-17	-35	0	-4	-8	-86	-150
<b>Profit before tax</b>	<b>1 433</b>	<b>-13</b>	<b>-3</b>	<b>-32</b>	<b>166</b>	<b>-205</b>	<b>1 346</b>
Income tax expense	-329	-16	-5	6	-39	38	-346
<b>Net profit</b>	<b>1 104</b>	<b>-29</b>	<b>-8</b>	<b>-26</b>	<b>127</b>	<b>-167</b>	<b>1 001</b>
Profit attributable to non-controlling interest	462	-3	0	-13	2	-2	446
<b>Profit attributable to Austevoll Seafood ASA shareholders</b>	<b>642</b>	<b>-26</b>	<b>-8</b>	<b>-13</b>	<b>125</b>	<b>-165</b>	<b>555</b>
<b>Dividend attribute to AUSS</b>	<b>410</b>				<b>7</b>		<b>417</b>

\* For information regarding impairments, see note 15 and 16.

# Notes to the accounts

## NOTE 10 SEGMENT INFORMATION (CONT.)

Segment	Total assets		Total investments in non-current assets		Associated companies and joint venture		Total liabilities	
	2015	2014	2015	2014	2015	2014	2015	2014
LSG ASA	13 768	12 579	662	606	702	598	7 579	7 211
Pelagia AS	IA	IA	IA	IA	1 053	898	IA	IA
Br. Birkeland AS	1 947	1 598	58	74	5	60	980	828
Other	6 006	5 974	41	39	6	6	1 756	1 521
<b>Total for Norway</b>	<b>21 721</b>	<b>20 151</b>	<b>760</b>	<b>719</b>	<b>1 766</b>	<b>1 562</b>	<b>10 315</b>	<b>9 561</b>
Austral - Peru	3 189	2 581	351	282	1	2	1 509	1 405
Foodcorp - Chile	885	870	14	32	0	0	358	276
<b>Total</b>	<b>25 794</b>	<b>23 602</b>	<b>1 126</b>	<b>1 033</b>	<b>1 767</b>	<b>1 563</b>	<b>12 183</b>	<b>11 242</b>

Sales revenue by geographic areas		2015	2014
Norway		2 550	2 207
EU		7 769	6 987
Eastern Europe		568	1 132
Africa		90	156
North America		1 040	964
Pacific		2 600	2 081
South America		623	650
Central America		0	51
<b>Total</b>		<b>15 239</b>	<b>14 228</b>

Turnover is allocated based the customer's home country/destination of sales shipment.

## Notes to the accounts

### NOTE 11 OTHER GAINS AND LOSSES

	2015	2014
Gains and losses on sale of property, plant and equipment	22	5
Gain on sale of shares	0	38
Gain on remeasurement from business combinations	12	75
Other gains and losses	0	-2
<b>Total other gains and losses</b>	<b>34</b>	<b>116</b>

# Notes to the accounts

## NOTE 12 PAYROLL, FEES, NO. OF EMPLOYEES ETC.

	2015	2014
Salary and holiday pay	1 350	1 213
Hired personnel	98	88
Other remunerations	43	43
National insurance contribution	161	150
Pension costs (incl. national insurance contribution)	63	50
Remuneration to the members of the board	1	1
Other personnel costs	81	64
<b>Total payroll expenses</b>	<b>1 797</b>	<b>1 607</b>
Average man-labour year	4 026	4 155

All companies in the Group satisfy the requirements in the Act relating to mandatory occupational pensions (Norwegian: OTP).

The schemes are in the main established as defined contribution pension schemes, with external life insurance companies.

Some of the subsidiaries have Contractual Early Retirement schemes (Norwegian: AFP) for their employees. The new AFP scheme which came into effect on 1 January 2011, is to be considered as a defined contribution scheme until reliable and sufficient information has been provided so that the Group can book its proportionate share of the pension cost, pension liability and pension funds in the scheme.

However, a provision has been carried to cover the estimated payments related to undercoverage in the former AFP scheme.

Moreover, a limited part of the Group companies have defined benefit schemes with life insurance companies, with pension funds placed in a portfolio of investments by insurance companies. The insurance company administers all transactions related to the pension scheme. Estimated return on pension funds is based on marked prices on balance sheet date and projected development during the period in which the pension scheme is valid. The calculation of pension liabilities is based on assumptions in line with the recommendations of NRS per 31.12.2015. Actuarial gains and losses are expensed as incurred.

<b>Pension costs</b>	2015	2014
Pension costs related to defined contribution plan	50	40
Sosial security on defined contribution plan	7	6
<b>Total pension costs related to defined contribution plan</b>	<b>57</b>	<b>45</b>
Net pension cost related to defined benefit plan	6	5
<b>Total pension costs</b>	<b>63</b>	<b>50</b>
<b>Pension obligations and other obligations</b>	2015	2014
Pension and pension commitments	13	20
Fair value of interest swap contracts (ref. note 22)	139	149
Other obligations	2	1
<b>Total</b>	<b>154</b>	<b>169</b>

# Notes to the accounts

## NOTE 13 FINANCIAL INCOME AND EXPENCES

	2015	2014
Interest income	38	48
Other financial income	2	16
<b>Total financial income</b>	<b>40</b>	<b>63</b>
Interest expenses	262	245
Net currency losses (unrealised and realised)	91	121
Impairment financial assets	0	26
Other financial expenses	13	19
<b>Total financial expenses</b>	<b>365</b>	<b>410</b>
<b>Net financial cost</b>	<b>-325</b>	<b>-347</b>

## NOTE 14 EARNINGS PER SHARE AND DIVIDEND PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by

the weighted average number of ordinary shares in issue during the year.

Basis for calculation of earnings per share	2015	2014
<b>The year's earnings for shareholders in Austevoll Seafood ASA</b>	<b>722</b>	<b>555</b>
No. of shares at the balance sheet date	202 717 374	202 717 374
Average no. of shares	202 717 374	202 717 374
Average no. of shares excl. own shares	200 995 151	200 995 151
Earnings per share	3,59	2,76
<b>Earnings per share from all operations</b>	<b>3,59</b>	<b>2,76</b>
Diluted earnings per share	3,59	2,76
<b>Suggested dividend per share</b>	<b>7,00</b>	<b>2,00</b>

The dividends paid in 2015 and 2014 were NOK 2.00 per share and NOK 1.60 per share respectively. A dividend in respect of the year ended 31 December 2015 of

NOK 7,00 per share is to be proposed at the annual meeting on May 25, 2016. These financial statements do not reflect the proposed dividend.

# Notes to the accounts

## NOTE 15 INTANGIBLE ASSETS

2014	Goodwill	Licenses fishfarming Norway	Licenses pelagic fisheries Norway	Licenses pelagic fisheries South America	Brand/ Trademarks	Total
<b>Per 01.01.</b>						
Acquisition cost	1 869	3 676	727	921	50	7 243
Accumulated amortisation	0	-10	-56	-4	0	-71
Accumulated impairment	-17	-18	0	-27	0	-62
<b>Carrying amount at 01.01.</b>	<b>1 851</b>	<b>3 648</b>	<b>671</b>	<b>891</b>	<b>50</b>	<b>7 110</b>
Balance sheet value at 01.01.	1 851	3 648	671	891	50	7 110
Currency translation differences	65	0	0	164	0	229
Reclassification	1	-1	0	0	0	0
Effect of business combination	63	176	0	0	0	239
Intangible assets acquired	0	3	0	9	0	12
Amortisation	0	-5	-13	-2	0	-19
Impairment	0	0	0	-2	0	-2
<b>Carrying amount at 31.12.</b>	<b>1 980</b>	<b>3 821</b>	<b>658</b>	<b>1 060</b>	<b>50</b>	<b>7 569</b>
<b>Per 31.12.</b>						
Acquisition cost	2 004	3 854	727	1 099	50	7 734
Accumulated amortisation	0	-15	-69	-8	0	-92
Accumulated impairment	-24	-18	0	-31	0	-73
<b>Carrying amount at 31.12.</b>	<b>1 980</b>	<b>3 821</b>	<b>658</b>	<b>1 060</b>	<b>50</b>	<b>7 569</b>
- of which assets with indefinite lives	1 980	3 782	487	1 060	50	7 359
- of which assets with definite lives	0	39	171	0	0	209
- remaining years for assets with definite useful lives (years)		10-12 years	13 years			

# Notes to the accounts

## NOTE 15 INTANGIBLE ASSETS (CONT.)

2015	Goodwill	Licenses fishfarming Norway	Licenses pelagic fisheries Norway	Licenses pelagic fisheries South America	Brand/ Trademarks	Total
Balance sheet value at 01.01.	1 980	3 821	658	1 060	50	7 569
Currency translation differences	39	0	0	127	0	165
Reclassification	0	10	0	0	0	10
Effect of business combinations	42	60	327	0	0	430
Intangible assets acquired	0	10	0	0	0	10
Amortisation	0	-15	-17	-5	0	-36
Impairment	-108	0	0	0	0	-108
<b>Carrying amount at 31.12.</b>	<b>1 953</b>	<b>3 887</b>	<b>969</b>	<b>1 180</b>	<b>50</b>	<b>8 039</b>
				0		
<b>Per 31.12.</b>						
Acquisition cost	8 825	3 960	1 054	1 225	50	15 115
Accumulated amortisation	0	-55	-86	-15	0	-155
Accumulated impairment	-6 872	-18	0	-30	0	-6 921
<b>Carrying amount at 31.12.</b>	<b>1 953</b>	<b>3 887</b>	<b>969</b>	<b>1 180</b>	<b>50</b>	<b>8 039</b>
- of which assets with indefinite lives	1 953	3 858	815	1 180	50	7 856
- of which assets with definite lives	0	29	154	0	0	183
- remaining years for assets with definite useful lives (years)			10-12 years	12 years		

Included in licenses fishfarming above is a privilege for utilisation of waterfalls with definite useful lives.

### Cash-generating units (CGU)

Every corporate subsidiary in the AUSS Group is classified as one group of CGUs in order to allow for the distribution of goodwill for impairment testing. Goodwill and intangible assets with an indefinite useful life are not amortised, but shall be tested for impairment at least once a year – or when there are indications of impairment – and written down if their value can no longer be justified. Useful life is utilised as a main rule when establishing recoverable amount. Useful life is estimated as the present value of future cash flows. The present value is compared

with the book value per CGU or group of CGUs.

The present value estimate is based on the budget for the next year and the estimated profit/loss over the next four years. A terminal value is estimated for the period following the next five years. The Gordon growth model is applied to estimate terminal value.

Goodwill and intangible assets with indefinite lives (who not depreciate) is distributed on the different groups as follows:

Booked value intangible assets per CGU	Goodwill	Licenses	Trademarks	Total
Lerøy Seafood Group ASA	1 413	3 712	50	5 175
Br. Birkeland AS	258	1 145	-	1 403
Austral Group S.A.A	282	820	-	1 101
Foodcorp Chile S.A	-	361	-	361
<b>Total</b>	<b>1 952</b>	<b>6 038</b>	<b>50</b>	<b>8 039</b>

# Notes to the accounts

## NOTE 15 INTANGIBLE ASSETS (CONT.)

### **Lerøy Seafood Group ASA (LSG)**

LSG is a fully-integrated seafood company and comprises the entire value chain, from roe, fry, smolt, farming of Atlantic salmon and trout, processing to sales and distribution. LSG has 26 licences in the region of Troms, 57 in Central Norway and 63 in West Norway. The following rates are applied for tests of possible impairment: discount rate (WACC) before tax of 7.7%, WACC after tax of 5.6%, nominal rate of growth of 2.5% and estimated inflation of 2.5%. LSG's impairment tests did not produce grounds for write-down of goodwill or intangible assets with an indefinite useful life in 2015 and 2014. The management's calculations are robust in the face of reasonable changes in conditions in the future, and a change of all essentials elements with 10-15% will not cause requirement of write-down. Historically, the Group has experienced a significant production growth per license in Norway. The model is based on an assumption of zero growth in volume which is a very conservative projection. It is probable that such a low growth rate would result in a margin expansion, a condition which is barely covered by the model.

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

BRBI has four fishing vessels, two of which are pelagic ring net/trawlers each with a 650 basic ton ring net licence and a 1.425 trawling licence, and one vessel has 471 basic ton ring net licence. One vessel fishes for snow crab and has an onboard factory where the product is processed to completion. BRBI also has seven licences for farming Atlantic salmon and trout in West Norway. For licences related to pelagic fishing, the last known turnover figure has been applied for impairment tests, and this indicates a sound margin in relation to book values.

The following rates are applied for tests of possible impairment for farming licences: discount rate (WACC) before tax of 7.7%, WACC after tax of 5.6%, nominal rate of growth of 2.5% and estimated inflation of 2.5%. BRBI's impairment tests did not produce grounds for write-down of goodwill or intangible assets with an indefinite useful life in 2015 and 2014. The management's calculations regarding farming licences are robust in the face of reasonable changes in conditions in the future.

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

Austral is a fully-integrated fishing company involved in catches, processing and sales. Austral has fishing rights for anchoveta and horse mackerel/mackerel in Peru. The company has a total anchoveta quota that represents 6.87% of the total quota for Central/North Peru, and just less than 4% of the quota in South Peru. Austral's product range comprises fishmeal and fish oil, in addition to canned and

frozen products directly for the consumer market. Austral's business is reliant on fish caught in the wild. The company would not be able sustain the long-term values generated by its licences without sustainable management of resources. Moreover, natural weather phenomena will have an impact on conditions at sea and may cause periodic, short-term fluctuations in biomass and quota sizes from year to year. There are two main seasons for anchoveta – the first from April to July and the second from November to January. Resource management is carried out by Instituto del Mar de Peru (IMARPE). Prior to each fishing season, IMARPE carries out a measurement of biomass and recommends quota sizes on the basis of their finds. Cash flows after tax and an equivalent discount rate (WACC) after tax of 8.4%, nominal rate of growth of 2.0% and estimated inflation of 2.0% are used to test for possible impairment. This model is based on projected prices for the products, based on the OECD-FAO Agricultural Outlook 2015-2024 report. The model makes use of current cost levels, adapted to take into account growth. The model also estimates a total anchoveta quota in the terminal element in Central/North Peru of 4.5 million tonnes and 0.3 million tonnes in South Peru – totaling 4.8 million tonnes. This figure is at the lower end of the sample space in the total quota over the past 15 years (ref. graph). Austral's impairment tests did not produce grounds for write-down of goodwill or intangible assets with an indefinite useful life in 2015 and 2014. With the implemented WACC and best estimate for the terminal element, the tests show that this value is also intact in the face of reasonable changes in price attainment for fishmeal and -oil. The critical price in the terminal element for fishmeal is USD 1,452. For comparison, the average price of fishmeal FOB Peru was USD 1,661 in 2015 and USD 1,601 in 2014 (source: SUNAT).

### **Anchovy (*Engraulis ringens*) unloading**

National Unloading (in 1 000 MT)



# Notes to the accounts

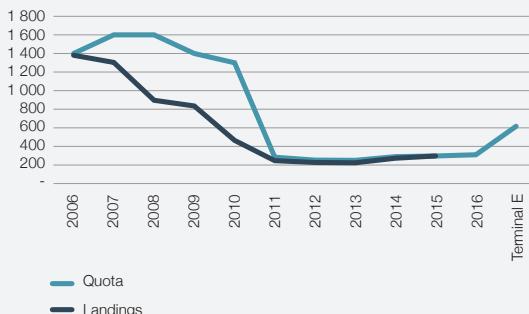
## NOTE 15 INTANGIBLE ASSETS (CONT.)

### Foodcorp Chile S.A (FC)

FC is a fully-integrated fishing company involved in catches, processing and sales. FC has fishing rights for horse mackerel, mackerel, squid, sardines and anchoveta in Chile. The company has 9.1% of the quota for horse mackerel that applies to the fleet group in South Chile to which the company's vessels belong. FC supplies frozen products and canned products for consumers, and fishmeal and fish oil. FC's business is reliant on fish caught in the wild. The company would not be able to sustain the long-term values generated by its licences without sustainable management of resources. Moreover, natural weather phenomena will have an impact on conditions at sea and may cause periodic, short-term fluctuations in biomass and, as a result, quota sizes from year to year. The stock of horse mackerel in the southern Pacific has been subject to significant harvesting over the past decade, and a common fish stock management scheme was not implemented until 2011. Fish stock management is now provided by the South Pacific Regional Fisheries Management Organisation (SPRFMO). Their work involves measurements and estimates of stock sizes that in turn provide the basis for specification of total quotas from year to year. Total quotas (TAC) were set for the first time in 2012, and at extremely low levels historically. There has been a gradual increase in the total quotas since then. The resource management programme now in place is expected to result in a gradual increase in biomass in the future. Cash flows after tax and an equivalent discount rate (WACC) after tax of 8.8%, nominal rate of growth of 2.0 % and estimated inflation of 2.0 % are used to test for possible impairment. This model is based on projected prices for the products,

based on the OECD-FAO Agricultural Outlook 2014-2023 report. The model makes use of current cost levels, adapted to take into account growth. The figure for volume of raw materials applied in the model is conservative and is based on SPRFMO's models, which project a build-up to a spawning stock biomass of 5.5 million tonnes over a five-year period. The critical total quota for Chile on horse mackerel in the terminal element is estimated at 616,000 tonnes. This volume is historical low (look at figures below). Impairment tests have also included stress tests of sensitivity related to supply of raw materials and exploitation of raw materials. On the basis of the results, the Group has decided to write down goodwill related to activities by a total of, NOK 116 million.

Horsemackerel Quotas and Catches Chile (figures in 1,000 metric tonnes).



# Notes to the accounts

## NOTE 16 TANGIBLE FIXED ASSETS

2014	Land	Projects in progress	Buildings	Plant, equipment and other fixtures	Vessels	Total
<b>Per 01.01.</b>						
Acquisition cost	176	223	1 896	5 181	1 857	9 334
Accumulated depreciation	0	-1	-490	-3 052	-1 149	-4 692
Accumulated impairment	-19	0	-54	-88	-29	-189
<b>Carrying amount at 01.01.</b>	<b>158</b>	<b>223</b>	<b>1 352</b>	<b>2 041</b>	<b>680</b>	<b>4 453</b>
Balance sheet value at 01.01.	158	223	1 352	2 041	680	4 453
Currency translation differences	14	30	81	167	56	349
Reclassification	0	-150	27	99	26	3
Acquisitions through business combinations	1	0	23	39	0	64
Tangible fixed assets acquired	33	236	120	550	82	1 022
Tangible fixed assets sold/scrapped	-10	-12	-111	-579	-10	-721
Depreciation	0	0	-82	-419	-110	-611
Disposals acc. depreciation	0	0	15	362	4	380
Reclassifications acc. depreciation	0	0	0	-21	0	-21
Impairment *)	-2	0	-3	-2	-29	-35
Reversal of impairments	0	0	0	6	0	7
Reversal of impairments by scrapping/sale of fixed assets	4	0	24	34	0	61
<b>Carrying amount at 31.12.</b>	<b>198</b>	<b>327</b>	<b>1 446</b>	<b>2 278</b>	<b>700</b>	<b>4 949</b>
<b>Per 31.12.</b>						
Acquisition cost	217	328	2 070	5 611	2 209	10 435
Accumulated depreciation	0	-1	-592	-3 282	-1 445	-5 320
Accumulated impairment	-18	0	-33	-51	-64	-166
<b>Carrying amount at 31.12.</b>	<b>198</b>	<b>326</b>	<b>1 446</b>	<b>2 278</b>	<b>699</b>	<b>4 949</b>
<b>Carrying amount of finance lease included above</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>677</b>	<b>4</b>	<b>698</b>
<b>Depreciation on finance lease included above</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>94</b>	<b>12</b>	<b>107</b>

\* Impairment in 2014 is related mainly to impairment of fishing vessels in Chile.

## Notes to the accounts

### NOTE 16 TANGIBLE FIXED ASSETS (CONT.)

2015	Land	Projects in progress	Buildings	Plant, equipment and other fixtures	Vessels	Total
Balance sheet value at 01.01.	198	326	1 446	2 278	699	4 949
Currency translation differences	13	14	78	44	27	176
Reclassification	0	-200	28	126	46	0
Acquisitions through business combinations	21	0	7	19	24	71
Tangible fixed assets acquired	77	101	61	598	279	1 115
Tangible fixed assets sold/scrapped	-43	-5	-51	-49	-2	-151
Depreciation	0	0	-87	-497	-125	-709
Disposals acc. depreciation	0	0	35	33	0	69
Reversal of impairments	0	0	1	7	1	8
Reversal of impairment by scrapping/sale of fixed assets	1	0	0	1	0	3
<b>Carrying amount at 31.12.</b>	<b>267</b>	<b>236</b>	<b>1 518</b>	<b>2 560</b>	<b>948</b>	<b>5 531</b>
<b>Per 31.12.</b>						
Acquisition cost	283	236	2 223	6 514	2 764	12 020
Accumulated depreciation	0	-1	-673	-3 906	-1 764	-6 342
Accumulated impairment	-16	0	-32	-48	-51	-146
<b>Carrying amount at 31.12.</b>	<b>267</b>	<b>236</b>	<b>1 518</b>	<b>2 560</b>	<b>948</b>	<b>5 531</b>
<b>Carrying amount of finance lease included above</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>829</b>	<b>292</b>	<b>1 175</b>
<b>Depreciation on finance lease included above</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>224</b>	<b>37</b>	<b>269</b>

Fixed assets acquired includes capitalized interests of MNOK 0 in 2015 and MNOK 2 in 2014.

# Notes to the accounts

## NOTE 17 ASSOCIATED COMPANIES AND INVESTMENTS IN JOINT VENTURES

The amounts recognised in the balance sheet are as follows:	2015	2014
Associates	714	665
Joint ventures	1 053	898
<b>Total per 31.12.</b>	<b>1 767</b>	<b>1 563</b>
The amounts recognised in the income statement are as follows:	2015	2014
Associates	61	93
Joint ventures	203	125
<b>Total per 31.12.</b>	<b>264</b>	<b>217</b>

### Associated companies

Set out below are the associates of the Group as of December 31, 2015, which are considered material to the Group.

Name	Country of incorporation	% interest and voting rights held	Measurement method
<b>2014 and 2015</b>			
Norskott Havbruk AS	Norway	50,00 %	Equity
Seistar Holding AS	Norway	50,00 %	Equity

In addition the Group has shareholding in the following companies recognised in the accounts as associated companies;

Name	Country of incorporation	% interest and voting rights held at beginning of the year	% interest and voting rights held at end of the year	Carrying value of investment
Lerøy Schlie	Denmark	0,00 %	50,00 %	5
Kirkenes Processing AS	Norway	0,00 %	50,00 %	4
Romsdal Processing AS	Norway	50,00 %	50,00 %	4
Sørsmolt AS	Norway	49,00 %	49,00 %	7

Set out below are the summarised financial information for the investments in associates considered material to the Group, and total amounts for associates considered to not be material.

Name	Norskott Havbruk AS		Seistar Holding AS	
Year ended	2015	2014	2015	2014
<b>Summarised statement of comprehensive income</b>				
Revenue	1 498	1 385	112	
Pre-tax (loss)/profit	90	239	38	I/A
Post-tax (loss)/profit	83	191	35	
<b>Summarised balance sheet</b>				
Total current assets	1 036	991	71	
Total current liabilities	-215	-227	-23	I/A
Non-current assets	880	693	135	
Non-current liabilities	-553	-417	-74	
<b>Net assets</b>	<b>1 149</b>	<b>1 041</b>	<b>110</b>	-
Foreign exchange differences				
Interest in associate				
<b>Carrying value in AUSS group</b>	<b>606</b>	<b>552</b>	<b>76</b>	-

The information above reflects the amounts presented in the financial statements of the associates (and not Austevoll Seafood ASA's share of those amounts) adjusted for differences in accounting policies between the group and the associates.

# Notes to the accounts

## NOTE 17 ASSOCIATED COMPANIES AND INVESTMENTS IN JOINT VENTURES (CONT.)

Reconciliation of summarised financial information.

Name	Norskott		Seistar Holding AS		Others		Total		
	Havbruk AS *	2015	2014	2015	2014	2015	2014	2015	2014
Year ended		2015	2014	2015	2014	2015	2014	2015	2014
<b>Carrying value beginning of year</b>	<b>552</b>	<b>433</b>	<b>0</b>		<b>113</b>	<b>50</b>	<b>665</b>	<b>778</b>	
Acquisitions	0	0	62		2	56	63	56	
Disposals	0	0	0		-84	-0	-84	-289	
Share of profit/(loss)	41	96	18	I/A	2	3	61	93	
Exchange differences	58	59	0		-1	1	58	59	
Dividends	-46	-36	-3		0	0	-49	-36	
Other changes in equity	0	-0	0		-1	4	-1	4	
<b>Carrying value end of year</b>	<b>606</b>	<b>552</b>	<b>76</b>		<b>32</b>	<b>113</b>	<b>714</b>	<b>665</b>	

\* Norskott Havbruk group operate their business through their subsidiary in Scotland. Exchange differences refer to translation of currency from GBP to NOK.

Investments in joint ventures	Location	Business	Voting share	Measurement method
Pelagia AS	Norway	Pelagic	50 %	Equity

Pelagia AS is a private company, and there are no quoted marked prices available for the shares.

# Notes to the accounts

## NOTE 17 ASSOCIATED COMPANIES AND INVESTMENTS IN JOINT VENTURES (CONT.)

Set out below are the 100% summarised financial information for the investment in joint venture, which is accounted for using the equity method.

	Pelagia AS	
	2015	2014
<b>Assets</b>		
Cash and cash equivalents	175	421
Other current assets	1 373	1 893
<b>Total current assets</b>	<b>1 548</b>	<b>2 314</b>
Financial liabilities (excluding trade payables)	-194	-1 092
Other current liabilities (including trade payables)	-419	-587
<b>Total current liabilities</b>	<b>-613</b>	<b>-1 679</b>
Non-current assets	2 940	2 725
Non-current financial liabilities	-1 433	-1 147
Other non-current liabilities	-143	-303
<b>Total liabilities</b>	<b>1 364</b>	<b>1 275</b>
Minority interests	-109	
<b>Net assets</b>	<b>2 190</b>	<b>1 910</b>
Revenue	6 092	5 646
Depreciation and amortisation	-169	-169
Other expenses	-5 375	-5 056
Interest income	0	8
Interest expense	-56	-115
Other financial expense	18	20
<b>Pre-tax profit</b>	<b>510</b>	<b>333</b>
Income tax expense	-97	-79
<b>Post-tax profit</b>	<b>413</b>	<b>254</b>
Other comprehensive income	0	87
<b>Total comprehensive income</b>	<b>413</b>	<b>341</b>

	Pelagia AS	
	2015	2014
<b>Reconciliation of summarised financial information</b>		
<b>Per 01.01.</b>	<b>898</b>	0
Acquisition	0	749
Share of profit/(loss)	203	125
Share of comprehensive income	49	3
Currency exchange	28	0
Dividends	-125	0
Other changes in equity	-1	21
<b>Carrying value end of year</b>	<b>1 053</b>	<b>898</b>

# Notes to the accounts

## NOTE 17 ASSOCIATED COMPANIES AND INVESTMENTS IN JOINT VENTURES (CONT.)

Investment in joint operations	Location	Business	Voting share	Nature of the relationship	Measurement method
Marfood S.A.	Chile	Fish oil/Fish meal	46 %	1)	proportional

1) The establishment of Marfood S.A. was to serve the purpose of joint operation of production and marketing/sale of fishmeal/oil products with Alimar S.A. The owners are providing their own production assets, to which unique ownership is retained. The co-operation with Marfood ended 31.12.2015.

Set out below are the summarised financial information for the investments in joint operations, which are accounted for using the proportional method.

	Marfood S.A.	
	2015	2014
<b>Assets</b>		
Cash and cash equivalents	9	10
Other current assets	200	125
Non-current assets	11	6
<b>Total assets</b>	<b>220</b>	<b>141</b>
Other current liabilities (including trade payables)	109	51
Other non-current liabilities	83	68
<b>Total liabilities</b>	<b>191</b>	<b>119</b>
<b>Total equity</b>	<b>28</b>	<b>21</b>
<b>Total equity and liabilities</b>	<b>220</b>	<b>141</b>
Revenue	350	369
Operating costs	-344	-354
Depreciation and amortisation	-1	0
Interest income	0	0
Interest expense	-2	-2
Other financial income/expense	-1	-1
<b>Pre-tax profit</b>	<b>2</b>	<b>12</b>
Income tax expense	-1	-3
<b>Post-tax profit</b>	<b>1</b>	<b>10</b>
Other comprehensive income	0	2
<b>Total comprehensive income</b>	<b>1</b>	<b>12</b>

# Notes to the accounts

## NOTE 18 INVESTMENT IN OTHER SHARES

2015 Company	Business location	Ownership/ voting share	Acquisition cost	Fair value
Euro-Terminal AS	Bergen, Norway	16,70 %	22	26
Bulandet Eiendom AS	Bulandet, Norway	minor	1	1
DNB - Private Equity fund	Norway	minor	6	6
Other shares		minor	0	0
<b>Total non-current</b>			<b>30</b>	<b>33</b>

2014 Company	Business location	Ownership/ voting share	Acquisition cost	Fair value
Euro-Terminal AS	Bergen, Norway	16,70 %	22	26
Bulandet Eiendom AS	Bulandet, Norway	minor	1	1
DNB - Private Equity fund	Norway	minor	6	6
Other shares		minor	1	1
<b>Total non-current</b>			<b>30</b>	<b>34</b>

Reconciliation of the carrying amount of investments in other shares	2015	2014
Beginning of year	34	31
Business combinations	0	0
Acquired/sold	0	2
Net gains/losses	-1	0
<b>End of year</b>	<b>33</b>	<b>34</b>
Less: non-current portion	-33	-34
<b>Current portion</b>	<b>0</b>	<b>0</b>

There were no impairment provisions on investments in other shares in 2015 and 2014.

Investments in other shares are denominated in the following currencies:	2015	2014
NOK	33	34
<b>Total</b>	<b>33</b>	<b>34</b>

# Notes to the accounts

## NOTE 19 TRADE AND OTHER RECEIVABLES

	2015	2014
Trade receivables	1 687	1 672
Less: provision for impairment of trade receivables	-32	-35
<b>Trade receivables - net</b>	<b>1 655</b>	<b>1 638</b>
<b>Other current receivables</b>		
Prepayments	78	51
Receivables related parties	1	11
Loans to related parties	6	3
Loans to third parties	36	19
Public fees and taxes receivable	259	258
Currency forward contracts/Effects of fair value hedging (see note 21 and 22)	75	73
Insurance to recover	15	6
Short-term loans	66	68
Balance on sale of equipment	7	5
Other current receivables	78	199
<b>Total other current receivables</b>	<b>621</b>	<b>693</b>
<b>Total current</b>	<b>2 276</b>	<b>2 330</b>
<b>Non-current receivables</b>		
Loans to related parties	21	16
Loans to third parties	25	20
Other non-current receivables	16	30
<b>Total non-current receivables</b>	<b>61</b>	<b>67</b>
<b>The ageing of the trade receivables, past due but not impaired:</b>		
0 to 3 months	341	392
3 to 6 months	7	45
Over 6 months	18	25
<b>Total</b>	<b>365</b>	<b>462</b>
<b>The ageing of the trade receivables, past due and impaired:</b>		
0 to 3 months	2	2
3 to 6 months	0	10
Over 6 months	15	13
<b>Total</b>	<b>18</b>	<b>24</b>

The Group's trade receivables of MNOK 1,655 are partly covered by credit insurance and other types of security. Trade receivables per 31.12 were nominally MNOK 1,687 while provisions for bad debts were amounted to MNOK 32.

Trade receivables, past due but not impaired was MNOK 365 per 31.12. A major part of the trade

receivables, past due but not impaired are related to the subsidiary Lerøy Seafood Group ASA (LSG) with MNOK 340 of the amount overdue. Per end of February 2016 more than 95% of the customer receivables related to LSG are paid.

# Notes to the accounts

## NOTE 19 TRADE AND OTHER RECEIVABLES (CONT.)

The carrying amounts of the trade and other current receivables are denominated in the following currencies:

Currency	2015	2014
USD	361	438
GBP	59	38
EUR	691	626
NOK	710	771
CLP	50	36
PEN	113	172
SEK	218	207
Other	73	42
<b>Total</b>	<b>2 276</b>	<b>2 330</b>

Movements on the provision for impairment of trade receivables are as follows:		
Per 01.01.	-35	-32
This years change in provisions	-2	-1
Receivables written off during the year as uncollectable	2	0
Currency translation differences	3	-1
<b>Per 31.12.</b>	<b>-32</b>	<b>-35</b>

## NOTE 20 INVENTORIES

	2015	2014
Raw materials	359	310
Work in progress	67	14
Finished goods	555	529
Impairments, including obsolescence	-15	-13
<b>Total</b>	<b>966</b>	<b>839</b>
Obsolescence of inventories expensed during the year	1	12

# Notes to the accounts

## NOTE 21 BIOLOGICAL ASSETS

The Group recognises and assesses biological assets (fish in sea) at fair value. See note (I) in accounting principles for a further descriptions og method and principles.

The table below shows a reconciliation of the net book value of the biological assets between the beginning and

the end of the period. The volume in the column to the right is measured as living weight in tonnes (LWT).

Reconciliation of changes in net book value	Fry, brood, smolt and cleaning fish	Fish in sea (salmon and trout)	Fair value adjustment	Total value on biological assets	Volume (LWT), Fish in sea
Biological assets as of 31.12.2013	193	2 582	1 186	3 961	109 022
Hereof harvestable fish (> 4 kg LWT)	0	768	459	1 227	41 529

### Changes in 2014

Increase from biological transformation and net growth	448	4 830	0	5 279	204 758
Increase from business combinations	0	73	0	73	2 574
Reduction due to harvesting	-439	-4 498	0	-4 937	-198 589
Reduction due to incident based mortality	0	-114	0	-114	-4 367
Reduction due to escapes	0	0	0	0	-1
Net change in fair value adjustment on fish in sea	0	0	-378	-378	0
<b>Biological assets as of 31.12.2014</b>	<b>203</b>	<b>2 872</b>	<b>808</b>	<b>3 882</b>	<b>113 397</b>
Hereof harvestable fish (> 4 kg LWT)		804	459	1 263	39 360

### Changes in 2015

Increase from biological transformation and net growth	573	5 546	0	6 119	200 744
Increase from business combinations	4	0	0	4	0
Reductions due to sales	-33	-263	0	-296	-9 429
Reduction due to harvesting	-503	-4 758	0	-5 260	-186 371
Reduction due to incident based mortality	0	-111	0	-111	-3 983
Reduction due to escapes	0	-8	0	-8	-332
Net change in fair value adjustment on fish in sea	0	0	245	245	0
<b>Biological assets as of 31.12.2015</b>	<b>244</b>	<b>3 278</b>	<b>1 052</b>	<b>4 574</b>	<b>114 026</b>
Hereof harvestable fish (> 4 kg LWT)	0	815	533	1 349	35 107

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

Volume (LWT) - Overview of fish in sea as of 31.12	2015	2014
Fish in sea, 0 - 1 kg	12 105	12 001
Fish in sea, 1 - 2 kg	15 086	15 256
Fish in sea, 2 - 3 kg	11 865	13 864
Fish in sea, 3 - 4 kg	39 862	32 917
Fish in sea, above 4 kg	35 107	39 360
<b>Fish in sea, total salmon and og trout</b>	<b>114 026</b>	<b>113 398</b>
Hereof trout	24 363	15 899
Total number of individuals (in 1000)	57 147	57 626

# Notes to the accounts

## NOTE 21 BIOLOGICAL ASSETS (CONT.)

The fair value adjustment recognised in the profit and loss account does also include change in fair value on fishpool contracts. Fishpool contracts are recognised at

fair value, and are included in other short term receivables or other short term debt. See note 3 financial instruments for more information.

Fair value adjustment on biological assets in the profit and loss account	2015	2014
Fair value adjustment on biological assets	245	-378
Fair value adjustment on fishpool contracts	2	-1
<b>Total fair value adjustment recognised in the profit and loss account</b>	<b>247</b>	<b>-380</b>

Key premises:	2015	2014
Spot price salmon, as of 31.12.	57,44	43,60
Spot price trout, as of 31.12.	40,60	43,27
Contract share for salmon included in the calculation of fair value	33 %	26 %
Contract share for trout included in the calculation of fair value	13 %	23 %
Average price used when calculating fair value for salmon, all sizes*	52,83	42,93
Average price used when calculating fair value for trout, all sizes*	40,92	43,26

\* Price is before reduction for quality discrepancies and logistics

### Accidental release in 2015

The Group views all accidental release as serious. Hurricane Nina caused extensive damage in Western Norway on 10 and 11 January 2015, including to a cage belonging to Sjøtroll Havbruk AS, leading to the accidental release of 69,000 individual fish and a total of 332 tonnes of rainbow trout from the Angelskår facility in the Osterfjord. The fair value of this fish was approx. NOK 10 million, and additional costs of NOK 3.5 million were incurred. NOK 3.2 million of this was covered by insurance. 90% of the accidentally released trout were re-caught.

### Costs in connection with combating salmon lice

In an international context, Norway has far and away the most stringent rules regarding permitted levels of lice, and combating lice has been a significant cost in

2015, as it was in 2014. In 2015, the Group significantly increased its investments in preventive measures. The number of treatments in 2015 was down by around 35% compared with 2014. At the same time, costs for preventive and treatment measures were higher in 2015 than in 2014. The total cost of treatment and prevention at year-end 2015 was around NOK 2.5 per kg LWT.

### Challenges in Central Norway

An extremely challenging lice situation arose in Central Norway in the late summer and autumn of 2015. Early harvest was required at several locations. These locations had a total inventory of 6.8 million individual fish, and the total biomass at these locations was approx. 25,000 LWT. According to original planned production plan the fish should be going to reach a total biomass about 41,000 LWT.

# Notes to the accounts

## NOTE 22 DERIVATIVE FINANCIAL INSTRUMENTS

### Currency forward contracts

The table below shows the Group's currency forward contracts as of 31.12.2015. The contracts are for purchase (-)/sale (+) against NOK.

Currency	Currency amount	Exchange rate at maturity	Amount in NOK	Exchange rate 31.12.2015	Fair value NOK
EUR	97	9,220	896	9,616	-38
USD	34	8,657	298	8,799	-5
SEK	223	99,579	222	104,670	-11
JPY	6 768	0,071	482	0,073	-13
GBP	15	12,824	195	13,050	-3
AUD	5	6,008	31	6,433	-2
DKK	46	126,121	58	128,860	-1
CHF	1	8,701	8	8,896	0
<b>Total</b>					<b>-75</b>
				<b>2015</b>	<b>2014</b>
Recognised assets (-liability) due to fair value hedging				-75	-73

Some entities within the Group applies fair value hedging for the currency exchange risk related to binding not booked sales agreements/delivery contracts (hedging object). The currency risk related to the contracts is hedged by using currency forward contracts and a multi-currency overdraft facility (hedging instrument). The cumulative change in fair value for the delivery contracts attributable to changes in currency exchange rates is recognised as an asset or a liability, with a corresponding gain or loss recognised in profit or loss, together with the gain or loss on the hedging instrument. Cumulative change in fair value for the delivery contracts are presented as other receivables in the balance sheet. See also note 19.

### Interest swap contracts

“Some of the entities within the group has entered into interest swap agreements. Two of these are of a fixed rate with DNB, the first one in November 2011 and the second one in January 2012. Each agreement is of a nominal fixed value of MNOK 500, with a fixed rate of 3.55% for the first one and 3.29% for the second one, for the entire 10 year duration. The group has also one interest swap agreement with Nordea, of a nominal fixed value of MNOK 130, with a fixed rate of 4.65%, and a duration until 2018. The fair value of the swap agreements have been estimated using market inputs. As at 31 December 2015, a total unrealised loss of MNOK 104 was included in equity. “

Interest swap contracts	Nominal value	Interest rate/average rate	Liabilities recognised	Corresponding deferred tax	Effect on equity
Fair value at 31.12.2014	1 130	3,56 %	149	40	-109
Fair value adjustment 31.12.2015	0	3,56 %	-10	-5	4
<b>31.12.2015</b>			<b>139</b>	<b>35</b>	<b>-104</b>

Fair value of the interest swap contracts (gross liability) is recognized as “other long term liabilities”. The effective part of the fair value adjustment is recognized in other comprehensive income (cash flow hedge). The deferred

tax effect is also recognized in other comprehensive income, and is thus not part of current tax income in profit and loss.

# Notes to the accounts

## NOTE 23 GURANTEE OBLIGATIONS

	2015	2014
Letters of guarantees held by the associates	2	9
<b>Total</b>	<b>2</b>	<b>9</b>

## NOTE 24 RESTRICTED BANK DEPOSITS

	2015	2014
Restricted deposits related to employee tax deduction	54	53
Other restricted deposits	20	10
<b>Total</b>	<b>73</b>	<b>63</b>

## NOTE 25 SHARE CAPITAL AND SHAREHOLDERS

### Share capital:

As of December 31, 2015, the Company has 202,717,374 shares at nominal value of NOK 0.50 per share.

Date of registration	Type of change	Nominal value per share (NOK)	Total share capital	No. of ordinary shares
01.01.2008/31.09.2009	Capital increase	0,50	101 358 687	202 717 374
2010 - 2015	No changes			
<b>31.12.2015</b>		<b>0,50</b>	<b>101 358 687</b>	<b>202 717 374</b>

# Notes to the accounts

## NOTE 25 SHARE CAPITAL AND SHAREHOLDERS (CONT.)

The shareholders in Austevoll Seafood ASA were as of 31.12.	2015		2014	
	Number of shares	Share holding	Number of shares	Share holding
Laco AS	112 605 876	55,55 %	112 605 876	55,55 %
State Street Bank and Trust Co A/C Client fund number, USA	5 150 905	2,54 %	3 898 663	1,92 %
Pareto Aksje Norge	4 490 447	2,22 %	7 162 004	3,53 %
State Street Bank and Trust Co A/C Client Omnibus, USA	3 370 299	1,66 %	2 159 825	1,07 %
Folketrygdfondet	1 938 691	0,96 %	1 938 691	0,96 %
Pactum AS	1 800 000	0,89 %	1 700 000	0,84 %
Mitsui and Co Ltd Japan	1 782 236	0,88 %	1 782 236	0,88 %
J.P Morgan Chase Bank N.A. London	1 765 000	0,87 %	1 054 927	0,52 %
OM Holding AS	1 741 850	0,86 %	0	0,00 %
Br. Birkeland AS *)	1 722 223	0,85 %	1 722 223	0,85 %
Danske Invest Norske c/o Danske Capital A	1 546 282	0,76 %	1 312 882	0,65 %
The bank of New York BNYM SA/NV - BNY BRU verdipapirfond	1 488 002	0,73 %	1 162 666	0,57 %
J.P Morgan Bank Luxenbourg S.A.	1 372 600	0,68 %	0	0,00 %
MP Pensjon PK	1 182 000	0,58 %	1 182 000	0,58 %
Skandinavia Enskilda banken AB	1 178 176	0,58 %	0	0,00 %
Citibank N.A	1 170 975	0,58 %	1 055 380	0,52 %
The Northern Trust Co	1 159 515	0,57 %	0	0,00 %
Forsvarets Personellservice	990 246	0,49 %	896 346	0,44 %
Pareto AS	921 000	0,45 %	0	0,00 %
State Street Bank and Trust Co A/C West Non-Treaty account, USA	886 851	0,44 %	0	0,00 %
Pareto Aktiv	0	0,00 %	3 018 016	1,49 %
Pareto Verdi VPF	0	0,00 %	1 462 831	0,72 %
Holberg Norden	0	0,00 %	1 205 000	0,59 %
Holberg Norge	0	0,00 %	878 948	0,43 %
Verdipapirfondet Eika Norge	0	0,00 %	809 897	0,40 %
Verdipapirfondet DNB	0	0,00 %	800 000	0,39 %
<b>Total 20 largest shareholders</b>	<b>148 263 174</b>	<b>73,14 %</b>	<b>147 808 411</b>	<b>72,91 %</b>
Total others	54 454 200	26,86 %	54 908 963	27,09 %
<b>Total numbers of shares</b>	<b>202 717 374</b>	<b>100,00 %</b>	<b>202 717 374</b>	<b>100,00 %</b>

\* 1,722, 223 of the shares are owned by Br. Birkeland AS, a subsidiary of the Group.

## SHARES CONTROLLED BY BOARD MEMBERS AND MANAGEMENT:

### Board of Directors:

Chairman of the Board Helge Singelstad, and the Board members Helge Møgster, Inga Lise Moldestad, Lill Maren Møgster and Oddvar Skjegstad owns shares in Austevoll Seafood ASA. Helge Møgster and Lill Maren Møgster's ownership is indirect through their ownership in the parent company Laco AS.

### Management:

CEO Arne Møgster and CFO Britt Kathrine Drivenes owns shares in Austevoll Seafood ASA. Arne Møgster's ownership is indirect through his ownership in the parent company Laco AS.

# Notes to the accounts

## NOTE 26 TAX

	2015	2014
<b>Specification of the tax expense:</b>		
Tax payable	230	360
Change in deferred tax liabilities and assets	55	-10
Adjustment previous year	4	-4
<b>Taxes</b>	<b>289</b>	<b>346</b>
<b>Tax reconciliation</b>		
Profit before tax	1 572	1 346
Tax calculated with the nominal tax rates *	431	374
Change in tax rate**	-198	29
Income from associated companies	-58	-59
Exchange loss on investment financing	-1	0
Tax-free gain on sale of shares	-11	-3
Change in deferred tax asset not recognised	36	22
Other differences	90	-18
<b>Taxes</b>	<b>289</b>	<b>346</b>
<b>Weighted average tax rate</b>	<b>18,39 %</b>	<b>25,68 %</b>

\* Nominal tax rates for the Group varies between 20% and 30%.

\*\* In 2014 a change in the tax regime in Chile and Peru was enacted, affecting the corporate tax level in the years to come. The effect of the change in tax regime in Chile is booked to income in 2014, considering a gradual increase from the current level of 22%, to a tax level of 27% in 2018. The change in tax regime will also affect the taxation of shareholders. The effect of the change in tax regime in Peru on deferred tax positions is booked to income in 2014, considering a gradual decrease from the current level of 30%, to a tax level of 26% in 2019.

Tax rate is reduced from 27 to 25 % in Norway from 1 January 2016. For the Norwegian companies in the Group, deferred tax asset and deferred tax liability is calculated with the reduced tax rate as of 31 December 2015.

<b>The gross movement on the deferred income tax account is as follows:</b>	2015	2014
Opening balance 01.01.	2 496	2 435
Booked to income in the period	59	-10
Booked as OCI in the period	-26	-27
Currency translation differences	47	42
Effect of business combinations	79	55
<b>Balance sheet value (net) 31.12.</b>	<b>2 655</b>	<b>2 496</b>
Balance sheet value of deferred tax assets	-77	-169
Balance sheet value of deferred tax liabilities	2 732	2 665
<b>Total</b>	<b>2 655</b>	<b>2 496</b>

# Notes to the accounts

## NOTE 26 TAX (CONT.)

The movement in deferred income tax assets and liabilities during the year is as follows:

Change in deferred tax liabilities/assets	Non current assets	Current assets	Biological assets	Liabilities	Pensions	Loss carried forwards	Other	Total
<b>2014</b>								
Opening balance 01.01.	1 605	8	1 054	-13	-2	-168	-49	2 436
Booked to income in the period	-42	19	-31	-2	-1	14	5	-40
Booked as OCI in the period	0	0	0	0	1	0	-28	-27
Currency translation differences	65	-11	0	-1	0	-6	-4	42
Effect of business combinations	38	1	20	0	0	-15	11	55
<b>31.12.</b>	<b>1 666</b>	<b>16</b>	<b>1 043</b>	<b>-16</b>	<b>-1</b>	<b>-175</b>	<b>-66</b>	<b>2 467</b>
Change in tax rate	27	1	0	1	0	0	0	29
<b>31.12.</b>	<b>1 694</b>	<b>19</b>	<b>1 043</b>	<b>-16</b>	<b>-1</b>	<b>-175</b>	<b>-66</b>	<b>2 496</b>
<b>2015</b>								
Booked to income in the period	-52	35	174	17	1	50	31	256
Booked as OCI in the period	0	0	0	0	0	0	-27	-26
Currency translation differences	72	-7	0	-10	0	-8	0	47
Effect of business combinations	92	-1	0	0	0	0	-12	79
<b>31.12.</b>	<b>1 807</b>	<b>46</b>	<b>1 217</b>	<b>-9</b>	<b>0</b>	<b>-133</b>	<b>-74</b>	<b>2 852</b>
Change in tax rate	-114	-4	-90	1	0	11	-2	-198
<b>31.12.</b>	<b>1 693</b>	<b>42</b>	<b>1 127</b>	<b>-8</b>	<b>0</b>	<b>-122</b>	<b>-76</b>	<b>2 655</b>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Unrecognised tax losses carried forward	2015	2014
Tax losses carried forward	-260	-103
Calculated increase in deferred tax assets if the tax losses carried forward had been recognised	-64	-28

# Notes to the accounts

## NOTE 27 REMUNERATION TO EXECUTIVES, BOARD OF DIRECTORS AND AUDITOR

### Guidelines for remuneration to executive management

The main principles of the remuneration policy to executive management are based on the policy that the members of executive management shall have a competitive pay programme, with respect to salary, bonuses, pensions and other remuneration. Austevoll Seafood ASA shall offer a total remuneration to its executive management that is on level with comparable companies. However, the Company's need for well qualified personnel should always be considered.

For further information see own paragraph in the annual report regarding the board's statement about salary and other remuneration to executive management.

Salary and other remuneration to CEO and other group executives and members of the parent Company's Board are reported in amounts NOK thousand and were:

2015 - Remuneration to the company's officers	CEO	CFO	Chairman of the board*	Other members of the board**	Total
Salary	3 532	2 629	0	0	6 160
Bonus payment based on results for the year 2014	1 500	500	0	0	2 000
Pension scheme payments	49	200	0	0	250
Other remunerations	213	187	0	56	455
Director's fee	0	0	2 365	1 150	3 515
<b>Total</b>	<b>5 295</b>	<b>3 515</b>	<b>2 365</b>	<b>1 206</b>	<b>12 380</b>

2014 - Remuneration to the company's officers	CEO	CFO	Chairman of the board*	Other members of the board	Total
Salary	3 412	2 572	0	0	5 984
Bonus payment based on results for the year 2013	1 500	750	0	0	2 250
Pension scheme payments	77	263	0	0	340
Other remunerations	179	144	0	0	323
Director's fee	0	0	2 047	1 123	3 170
<b>Total</b>	<b>5 168</b>	<b>3 729</b>	<b>2 047</b>	<b>1 123</b>	<b>12 067</b>

\* The annual Directors' Fee to the Chairman of the Board is not paid as taxable remuneration. Austevoll Seafood ASA is invoiced for the Chairman's services and for consultancy fees by Group head entity Laco AS, with which company the Chairman is employed.

\*\* One member of the board have received fee of TNOK 56 for business advisory service in 2015.

The Group management takes part in the Groups collective pension schemes.

No loans or securities have been issued in 2015 or 2014 to the CEO, board members, members of the corporate management or other employees or closely related parties.

The CEO has a term of notice of 3 months. On resignation, the CEO has no right to extra compensation.

Pension age is 67, and the CEO takes part in the defined contribution scheme.

### Options

There are as of December 31, 2015, no on-going option programme in the Group.

# Notes to the accounts

## NOTE 27 REMUNERATION TO EXECUTIVES, BOARD OF DIRECTORS AND AUDITOR (CONT.)

Specification of auditor's fee	2015	2014
Audit fee	8	7
Audit from other auditors	1	1
Tax advice	0	1
Other services	2	3
<b>Total</b>	<b>12</b>	<b>11</b>

## NOTE 28 CONTINGENCIES AND PROVISIONS

### **Cormar**

The Group has recognised a provision related to the acquisition of Cormar in 2007. The Group will have reimbursement rights for some of the liabilities, if the liabilities materialises. A provision of MNOK 20 has been recorded for this contingent liability, ref note 31.

as of December 31, 2015 mainly related to its business activities. Local management and legal counsel consider it not likely to give rise to significant liabilities. Accordingly, local management has not considered it necessary to make a higher provision than the NOK 36, million recorded for these contingencies (ref note 31).

### **Austral Group S.A.A**

The subsidiary Austral Group S.A.A (Peru) has certain court actions pending resolution for a total of MNOK 225

# Notes to the accounts

## NOTE 29 INTEREST BEARING DEBT

	2015	2014
<b>Non-current</b>		
Bank borrowings	3 061	3 320
Bond loan	1 407	906
Other loans	30	16
Leasing liabilities	819	569
<b>Total non-current</b>	<b>5 317</b>	<b>4 811</b>
<b>Current</b>		
Bank overdrafts	878	622
Bond loans	0	24
Bank borrowings	902	588
Leasing liabilities	212	129
<b>Total current</b>	<b>1 991</b>	<b>1 363</b>
<b>Total non-current and current</b>	<b>7 308</b>	<b>6 174</b>
Cash and cash equivalents	2 470	2 198
Other interest-bearing assets - non current	0	16
<b>Net interest-bearing debt</b>	<b>4 838</b>	<b>3 960</b>

Repayment profile interest bearing debt	2016*	2017	2018	2019	2020	Subsequent	Total*
Bank borrowings*	903	451	569	511	580	949	3 963
Bank overdraft	878	0	0	0	0	0	878
Bond loan	0	400	500	0	0	507	1 407
Leasing liabilities	212	210	191	160	123	136	1 031
Other non-current liabilities	0	0	0	0	0	28	29
<b>Total</b>	<b>1 992</b>	<b>1 061</b>	<b>1 260</b>	<b>671</b>	<b>704</b>	<b>1 620</b>	<b>7 308</b>

\* Repayments of non-current liabilities which mature in 2016 are classified as current liabilities in the balance sheet.

# Notes to the accounts

## NOTE 29 INTEREST BEARING DEBT (CONT.)

<b>Liabilities secured by mortgage</b>	<b>2015</b>	<b>2014</b>
Current liabilities	1 991	1 016
Non-current liabilities	3 904	3 911
<b>Liabilities to credit institutions incl. leasing liab.</b>	<b>5 895</b>	<b>4 927</b>
 <b>Assets provided as security</b>		
Non-current assets	4 563	4 778
Inventory	432	290
Biological assets	4 493	3 024
Shares	580	521
Trade receivables	778	674
<b>Total assets provided as security</b>	<b>10 846</b>	<b>9 287</b>

AUSS has pledged as security shares in Br. Birkeland AS (BRBI) and 8,066,500 shares in Pelagia AS for the bank loans of AUSS of MNOK 330. Assets owned by LSG and

BRBI are also placed as security directly to their separate and individual loans, and are included in the figures presented above.

<b>The exposure of the group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:</b>	<b>2015</b>	<b>2014</b>
6 months or less	5 309	4 250
6 - 12 months	122	74
1-5 years	877	537
Over 5 years	1 000	1 000
<b>Total</b>	<b>7 308</b>	<b>5 860</b>

<b>The carrying amounts and fair value of the non-current liabilities are as follows:</b>	<b>Carrying amount</b>		<b>Fair value</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Bank borrowings	3 061	3 320	3 200	3 469
Bond loan	1 407	906	1 418	930
Leasing liabilities	819	569	819	569
Other non-current liabilities	30	16	30	16
<b>Total</b>	<b>5 317</b>	<b>4 811</b>	<b>5 467</b>	<b>4 984</b>

Based on contractual terms the fair value of non-current borrowings (ex bond loan) loans are estimated to be equal to book value as of 31 December 2015, adjusted for fair value of interest swap contracts .

The bond loans are listed on Oslo Stock Exchange, and fair value is calculated using the last traded rates in 2015

for the bonds . The carrying amounts of short-term borrowings approximate their fair value . There are no repayments of bond loan in 2016. The first maturity of bond loan will be in 2017.

# Notes to the accounts

## NOTE 29 INTEREST BEARING DEBT (CONT.)

The carrying amounts of the group's borrowings are denominated in the following currencies:	2015	2014
NOK	5 776	4 906
USD	1 185	1 062
GBP	12	0
EUR	119	85
Other Currencies	217	122
<b>Total</b>	<b>7 308</b>	<b>6 174</b>

### Financial "covenants"

There are several financial covenant requirements for the companies in the Group. The Group has not been in breach of any covenants during the financial year 2015, and is not in breach as of December 31, 2015.

Bank overdraft	2015	2014
Bank overdrafts	878	622
Bank overdrafts undrawn	1 215	1 215
<b>Bank overdrafts limit</b>	<b>2 092</b>	<b>1 837</b>

## NOTE 30 LEASE CONTRACTS - GROUP COMPANY AS LESSEE

Overview of future minimum operating leases	Within 1 year	1-5 years	Subsequent	Total
Minimum lease amount, operating leasing contracts maturing:	17	25	0	41
Present value of future minimum lease (discount rate 5%)	16	23	0	38
<b>Overview of future minimum financial leases</b>				
Minimum lease amount, financial leasing contracts maturing:	232	756	113	1 101
Interest	18	36	10	65
Repayment	212	714	104	1 031

Leased assets booked as finance lease is specified in note 16, whilst maturities and balances of financial leases are specified in note 29.

# Notes to the accounts

## NOTE 31 OTHER CURRENT LIABILITIES

Specification of other current liabilities	2015	2014
Salary and other personell expenses	206	203
Public taxes payable	146	89
Accrued expenses	220	210
Currency forward contracts/ Effect of fair value hedging	75	73
Provisions from acquisition Cormar (cf note 28)	21	20
Provisions for pending litigation Austral (cf note 28)	37	50
Other short-term liabilities	50	31
<b>Total other current liabilities</b>	<b>754</b>	<b>676</b>

## NOTE 32 RELATED PARTIES

The Group is controlled by Laco AS which owns 55.55% of the company's shares. The remaining 44.45% of the shares are widely held. The ultimate parent of the Group is Laco AS.

The majority of transactions with related parties are carried out through:

- Lerøy Seafood Group ASA (LSG) sale and purchase of goods to/from LSG associated companies.

In addition, the Group had some minor transactions with related parties such as the associated companies Pelagia AS and Marin IT AS (ownership directly by parent Company).

The following transactions were carried out with related parties:

a) Sales of goods and services	2015	2014
Sales of goods:		
- associates	51	181
Sales of services:		
- associates	16	20
- the ultimate parent and its subsidiary (administration services)	36	7
<b>Total</b>	<b>103</b>	<b>208</b>

# Notes to the accounts

## NOTE 32 RELATED PARTIES (CONT.)

Group companies have sold services as slaughtering, packaging and storage of salmon to associated companies, and goods as filleted salmon to associated

companies. The Group has also sold administrative services to associated companies.

### b) Purchase of goods and services

Purchase of goods:

- associates

Purchase of services:

- associates

- the ultimate parent and its subsidiary (administration services)

**Total**

	2015	2014
Purchase of goods:		
- associates	305	370
Purchase of services:		
- associates	6	5
- the ultimate parent and its subsidiary (administration services)	222	13
<b>Total</b>	<b>533</b>	<b>388</b>

All goods and services are bought based on the market price and terms that would be available for third parties.

The Group has bought fish and fish products from associated companies. The Group has bought

administrative services such as IT, reception, catering, accounting and secretary- and financial from associated companies.

### c) Year-end balances arising from sales/purchase of goods/services

Receivables from related parties:

- the ultimate parent and its subsidiary (administration services)

- associates

Payable to related parties:

- the ultimate parent and its subsidiary (administration services)

- associates

	2015	2014
Receivables from related parties:		
- the ultimate parent and its subsidiary (administration services)	4	0
- associates	23	30
Payable to related parties:		
- the ultimate parent and its subsidiary (administration services)	4	8
- associates	27	12

The receivables from related parties arise mainly from sale transactions and are due one month after date of sale. The receivables are unsecured in nature and bear no interest.

The payable to related parties arise mainly from purchase transactions and are due one month after the date of purchase. The payable bear no interest.

### d) Loans to related parties

Total loans to related parties:

- associates

- minority interests/other

Interest income

	2015	2014
- associates	12	6
- minority interests/other	0	13
Interest income	0	1





Parent Company  
Accounts

## Statement of comprehensive income

Amounts in NOK 1 000	Note	2015	2014
Sales revenue	4,19	2 156	2 171
<b>Total income</b>		<b>2 156</b>	<b>2 171</b>
Salaries and personnel expenses	5,16	-16 180	-15 627
Other operating expenses	5,19	-14 451	-13 819
<b>Operating expenses</b>		<b>-30 631</b>	<b>-29 445</b>
Depreciation	7	-173	-156
<b>Operating profit</b>		<b>-28 648</b>	<b>-27 431</b>
Financial income	6	553 033	486 605
Financial expenses	6	-83 474	-86 163
<b>Profit before taxes</b>		<b>440 911</b>	<b>373 011</b>
Income tax expense	15	-21 818	-10 000
<b>Net profit for the year</b>		<b>419 093</b>	<b>363 011</b>
Actuarial change on post employment benefit obligation		759	-474
<b>Total comprehensive income in the period</b>		<b>419 093</b>	<b>362 537</b>

# Statement of financial position

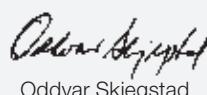
Amounts in NOK 1 000	Note	31.12.2015	31.12.2014
<b>Assets</b>			
Deferred tax asset	15	0	21 818
Fixed assets	7	129	252
Shares in subsidiaries	8	3 986 831	3 986 831
Shares in associates and joint ventures	9	811 427	811 427
Shares in other companies	10	25 750	25 750
Long terms receivables on Group companies	11,17,20	70 392	53 829
<b>Total non-current assets</b>		<b>4 894 530</b>	<b>4 899 907</b>
Trade receivable	12, 17, 19	4 758	1 975
Short term receivable on Group companies	20,17	495 287	505 688
Other current receivables	11	741	4 164
Cash and cash equivalents	14,17	1 126 317	713 235
<b>Total current assets</b>		<b>1 627 102</b>	<b>1 225 061</b>
<b>Total assets</b>		<b>6 521 632</b>	<b>6 124 970</b>
<b>Equity and liabilities</b>			
Share capital	25 CFS*	101 359	101 359
Share premium		3 147 599	3 713 549
Retained earnings and other reserves		0	433 220
<b>Total equity</b>		<b>3 248 958</b>	<b>4 248 128</b>
Pension obligations	16	841	1 896
Borrowings	17	1 571 588	1 152 987
<b>Total non-current liabilities</b>		<b>1 572 429</b>	<b>1 154 883</b>
Borrowings	17	244 084	295 160
Trade payable	19,20	3 834	2 825
Accrued salary expense and public tax payable		2 489	3 025
Other current liabilities to Group companies	20	17 712	2 012
Dividends	21	1 419 022	405 435
Other current liabilities	18	13 104	13 502
<b>Total current liabilities</b>		<b>1 700 245</b>	<b>721 959</b>
<b>Total liabilities</b>		<b>3 272 674</b>	<b>1 876 842</b>
<b>Total equity and liabilities</b>		<b>6 521 632</b>	<b>6 124 970</b>

\* If note reference contains the characters CFS, the reference refers to notes in the consolidated financial statement

Storebø, 21 April 2016  
Board of Directors of Austevoll Seafood ASA

  
Helge Singelstad  
Chairman of the Board

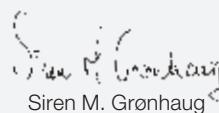
  
Helge Møgster

  
Oddvar Skjegstad  
Deputy Chairman

  
Inga Lise Lien Moldestad

  
Leif Teksum

  
Lill Maren Møgster

  
Siren M. Grønhaug

  
Arne Møgster  
CEO & President

## Statement of changes in equity

Amounts in NOK 1 000	Note	Share capital	Share premium	Retained earnings	Total equity
<b>Equity 01.01.14</b>		101 359	3 713 549	478 118	4 293 026
<b>Profit for the year</b>		0	0	363 011	363 011
<b>Other comprehensive income for the period</b>		0	0	-474	-474
<b>Total recognised income</b>		0	0	362 537	362 537
Dividends	<b>21</b>	0	0	-405 435	-405 435
Group contribution	<b>20</b>	0	0	-2 000	-2 000
<b>Total equity to/from shareholders</b>		0	0	-407 435	-407 435
<b>Total change of equity</b>		0	0	-44 898	-44 898
<b>Equity 31.12.14</b>		101 359	3 713 549	433 220	4 248 129
<b>Profit for the year</b>		0	0	419 093	419 093
<b>Other comprehensive income for the period</b>				759	759
<b>Total recognised income</b>		0	0	419 852	419 852
Dividends	<b>21</b>	0	-565 950	-853 072	-1 419 022
<b>Total change of equity</b>		0	-565 950	-853 072	-1 419 022
<b>Total change of equity</b>		0	-565 950	-433 220	-999 170
<b>Equity 31.12.15</b>		101 359	3 147 599	0	3 248 958

# Cash flow statement

Amounts in NOK 1 000	2015	2014
Profit before income taxes	440 911	373 011
Depreciation and amortisation	173	156
Dividends and Group contributions	-534 829	-465 707
Change in accounts receivable and other receivables	-25 911	21 774
Change in accounts payable and other payables	16 172	-127 901
Change in other accruals	263	-43 654
Unrealised exchange (gains) / losses	-306	-295
Net interest	62 062	57 061
<b>Net cash flow from operating activities</b>	<b>-41 464</b>	<b>-185 556</b>
 Purchase of fixed assets	50	0
Sale / (purchase) of shares and equity investments in other companies	0	1 052 024
Change in non-current receivables	-16 257	-13 896
Dividends and Group contributions received	554 139	512 724
Interest received	15 778	20 027
<b>Net cash flow from investing activities</b>	<b>553 710</b>	<b>1 570 879</b>
 Net change in long-term interest bearing debt	375 187	-811 921
Movement of short-term interest bearing debt	8 925	9 686
Interest paid	-77 840	-77 088
Dividends paid	-405 435	-324 348
<b>Net cash flow from financing activities</b>	<b>-99 163</b>	<b>-1 203 671</b>
 <b>Net change in cash and cash equivalents</b>	<b>413 083</b>	<b>181 653</b>
 <b>Cash and cash equivalents at 01.01.</b>	<b>713 234</b>	<b>531 581</b>
 <b>Cash and cash equivalents at 31.12.</b>	<b>1 126 317</b>	<b>713 234</b>

# Notes to the accounts

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# Notes to the accounts

## NOTE 1 GENERAL

The separate financial statements of Austevoll Seafood ASA (parent company) have been prepared in accordance with simplified IFRS. Preparation of separate financial statements is required by law.

## NOTE 2 ACCOUNTING PRINCIPLES

The principal accounting policies applied in the preparation of the separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### BASIS OF PREPARATION

The separate financial statements of Austevoll Seafood ASA (Company) were approved by the board of Directors of Austevoll Seafood ASA April 21st 2016. The statutory accounts have been prepared in accordance to the Regulations of January 21st 2008 regarding "simplified" IFRS as determined by the Ministry of Finance. Preparation of separate financial statements for the parent company is required by law.

The separate financial statements have been prepared under the historical cost convention, with the following modification below:

The preparation of financial statements in conformity with simplified IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in note 4 in the consolidated financial statements.

For a description of new standards and interpretations and amendments to existing standards, please refer to note 2 in the consolidated financial statements.

### SUBSIDIARIES AND ASSOCIATES

Investment in subsidiaries, joint ventures and associates are accounted for at cost.

The fair value of the company's investments in subsidiaries, joint ventures and associated companies may vary over time, and is therefore reviewed for potential impairment. Fair value assessment will be affected by many factors, such as expectations of future earnings, specific branch conditions, owner shares, shareholder structure, but also macro conditions which are not directly related to the

individual company. For quoted investments, current bid prices will be considered as one of several objective criteria in the fair value assessment. If the impairment test indicates that fair value is significantly lower than carrying amount and the situation is expected to persist, an impairment loss is recognised for the amount the carrying value exceeds the recoverable amount. Impairments may be reversed at a later reporting date.

### FOREIGN CURRENCY TRANSLATION

#### *Functional and presentation currency*

The separate financial statements are presented in Norwegian Kroner (NOK), which is the functional and presentation currency of Austevoll Seafood ASA.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of fixed assets is calculated using the straight-line method to allocate cost less residual value over estimated useful lives.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

# Notes to the accounts

## NOTE 2 ACCOUNTING PRINCIPLES

### FINANCIAL ASSETS

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'other receivables' in the balance sheet (note 11).

### ACCOUNTS RECEIVABLE

Account receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of account receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the account receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'other operating expenses'.

When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs

directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### CURRENT AND DEFERRED INCOME TAX

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided in full at nominal values, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### EMPLOYEE BENEFITS

#### *Pension obligations*

The Company has both a defined contribution plan and a closed defined benefit plan. The defined benefit plan is funded through payments to insurance companies, determined by periodic actuarial calculations.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting

# Notes to the accounts

## NOTE 2 ACCOUNTING PRINCIPLES

the estimated future cash outflows using interest rates of Norwegian governance bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In such case, the past-service costs are amortised on a straight-line basis over the vesting period.

### PROVISIONS

Provisions (e.g. environmental restoration, restructuring costs and legal claims) are recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- and the amount has been reliably estimated

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

### REVENUE RECOGNITION

The company's revenue consists of sale of administrative services to related parties. These services are based on accrued time.

Revenues comprise the fair value of the consideration received or receivable net of value-added tax, returns, rebates and discounts.

The services is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the

sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company uses the right to derogate from the regulations in IAS 10 no. 12 and 13 in simplified IFRS, according to which dividend may be recognised as income in accordance with Norwegian Accounting Act. Dividends from subsidiaries are recognised in the period they relate to. Dividends from other companies are recognised when the right to receive payment is established.

### LEASES

#### *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

### BORROWING COSTS

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

### CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities are defined as

- possible obligations resulting from past events whose existence depends on future events
- obligations that are not recognised because it is not probable that they will lead to an outflow of resources
- obligations that cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the annual financial statements apart from contingent liabilities which are acquired through the acquisition of an entity. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

Contingent liabilities acquired upon the purchase of operations are recognised at fair value even if the liability is not probable. The assessment of probability and fair value is subject to constant review. Changes in the fair value are recognised in the income statement.

A contingent asset is not recognised in the financial

# Notes to the accounts

## NOTE 2 ACCOUNTING PRINCIPLES

statements, but is disclosed if there is a certain level of probability that a benefit will accrue to the Company.

### CASH FLOW STATEMENT

The Company must apply IAS 7 even though the financial statements are prepared according to simplified IFRS. The Company's cash flow statement shows the overall cash flow broken down to operating, investing and financing activities. The cash flow statement illustrates the effect of the various activities on cash and cash equivalents.

### EVENTS AFTER THE BALANCE SHEET DATE

New information after the balance sheet date concerning the Company's financial position at the balance sheet date is considered in the financial statements. An event after the balance sheet date that does not affect the Company's financial position on the balance sheet date, but will affect the company's financial position in the future is reported where material.

### EARNINGS PER SHARE

The Company must apply IAS 33 even though the financial statements are prepared according to simplified IFRS. Earnings per share are calculated by the profit attributable to equity holders of the company of the result for the period being divided by a time-weighted average of ordinary shares for the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

# Notes to the accounts

## NOTE 3 FINANCIAL RISK MANAGEMENT

### FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses to some degree derivative financial instruments to reduce certain risk exposures.

#### Market risk

##### (i) Price risk

The Company is exposed to price risk because of investments held by the Company and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The company do not use financial instruments to manage its financial risk for non-current liabilities.

##### (ii) Cash flow and fair value interest rate risk

The Company's interest rate risk mainly arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of

funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility) and cash and cash equivalents on the basis of expected cash flow.

For information of the Company's financial liabilities see note 17.

#### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	2015	2014
Total borrowings (note 17)	1 824 084	1 454 032
Less: cash and cash equivalents	1 290 793	852 224
Net debt	533 291	601 808
Total equity	3 281 958	4 248 128
<b>Capital employed</b>	<b>3 815 250</b>	<b>4 849 936</b>
<b>Gearing ratio</b>	<b>14 %</b>	<b>12 %</b>

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future

contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

# Notes to the accounts

## NOTE 4 INCOME

	2015	2014
Rendering of services	2 156	2 171
<b>Total sales revenue</b>	<b>2 156</b>	<b>2 171</b>
Geographical allocation of revenues:		
Norway	973	552
Peru	1 183	1 619
<b>Total geographical allocation</b>	<b>2 156</b>	<b>2 171</b>

## NOTE 5 PAYROLL, FEES, NO. OF EMPLOYEES ETC.

	2015	2014
Salary and holiday pay	11 484	11 211
Hired personnel	2 365	2 047
National insurance contribution	1 786	1 731
Pension costs (note 16)	531	591
Other personnel costs	14	47
<b>Total</b>	<b>16 180</b>	<b>15 626</b>
Average man-labour year	3	3

Pension costs are described in detail in note 16.

Accumulated expenses for wages, pension premiums and other remuneration to CEO, other executives and members of the parent company's board is presented in the consolidated financial statements.

The Group management takes part in the Groups collective pension schemes.

The annual Director's fee to the Chairman of the Board is not paid as taxable remuneration. Austevoll Seafood ASA is invoiced for the Chairman's services and for consultancy fees by Group head entity, Laco AS, with which company the Chairman is employed.

No loans or securities have been issued in 2015 or 2014 to the CEO, board members, members of the corporate management or other employees or closely related parties.

The CEO has a term of notice of 3 months. On resignation, the CEO has no right to extra compensation. Pension age is 67, and the CEO takes part in the defined contribution scheme.

See note 27 in Group notes for guidelines to executive management and remunerations to the company's officers.

Specification of auditor's fee ex. VAT	2015	2014
Audit fee	1 774	1 819
Other services	63	9
Tax advice	53	67
<b>Total</b>	<b>1 890</b>	<b>1 895</b>

## Notes to the accounts

### NOTE 6 FINANCIAL INCOME AND FINANCIAL EXPENSES

	2015	2014
Interest income from companies within the same Group	2 059	22 295
Other interest income	15 778	20 027
Dividends and Group contributions	534 829	443 179
Currency gains	366	1 105
<b>Total financial income</b>	<b>553 033</b>	<b>486 605</b>
Interest expenses to companies within the same Group	2 166	3 247
Other interest expenses	75 252	70 660
Currency losses	27	294
Impairment non-current financial assets	0	3 330
Other financial expenses	6 028	8 632
<b>Total financial expenses</b>	<b>83 474</b>	<b>86 163</b>
<b>Net financial items</b>	<b>469 559</b>	<b>400 442</b>

## Notes to the accounts

### NOTE 7 TANGIBLE FIXED ASSETS

2014	Office equipment	Total
Per 01.01.		
Acquisition cost	2 271	2 271
Accumulated depreciation	-1 863	-1 863
<b>Balance sheet value at 01.01.</b>	<b>408</b>	<b>408</b>
Balance sheet value at 01.01.	408	408
Depreciation	-156	-156
<b>Balance sheet value at 31.12.</b>	<b>252</b>	<b>252</b>
Per 31.12.		
Acquisition cost	2 271	2 271
Accumulated depreciation	-2 018	-2 018
<b>Balance sheet value at 31.12.</b>	<b>252</b>	<b>252</b>
2015	Office equipment	Total
Balance sheet value at 01.01.	252	252
Tangible fixed assets acquired	50	50
Depreciation	-173	-173
<b>Balance sheet value at 31.12.</b>	<b>129</b>	<b>129</b>
Per 31.12.		
Acquisition cost	2 321	2 321
Accumulated depreciation	-2 191	-2 191
<b>Balance sheet value at 31.12.</b>	<b>129</b>	<b>129</b>

# Notes to the accounts

## NOTE 8 SHARES IN SUBSIDIARIES

Gross numbers (100%)					
2015 - Subsidiaries	Net profit	Equity	Share capital	Carrying value	Voting share
Austevoll Eiendom AS	2 255	10 207	9 370	55 627	100%
AUSS Shared Service AS	2 500	2 208	1 000	1 010	100,00 %
Lerøy Seafood Group ASA, group values	1 232 883	8 764 051	54 577	3 027 159	62,56 %
A-Fish AS	-28 519	550 963	2 200	660 100	100,00 %
Austevoll Pacific AS	84 292	586 380	20 000	25 336	100,00 %
Aumur AS	-22	63	100	0	100,00 %
Austevoll Laksepakkeri AS	1 882	19 942	100	100	100,00 %
Br. Birkeland AS*, group values	98 594	539 383	9 224	217 500	49,99 %
<b>Total</b>				<b>3 986 831</b>	

Gross numbers (100%)					
2014 - Subsidiaries	Net profit	Equity	Share capital	Carrying value	Voting share
Austevoll Eiendom AS	3 582	11 701	9 370	55 627	100,00 %
AUSS Shared Service AS	115	1 046	1 000	1 010	100,00 %
Lerøy Seafood Group ASA, group values	1 104 473	8 079 597	54 577	3 027 159	62,56 %
A-Fish AS	-20 293	580 818	2 200	660 100	100,00 %
Austevoll Pacific AS	76 908	501 114	20 000	25 336	100,00 %
Aumur AS	-20	85	100	0	100,00 %
Austevoll Laksepakkeri AS	2 145	18 060	100	100	100,00 %
Br. Birkeland AS*, group values	46 252	317 835	9 224	217 500	49,99 %
<b>Total</b>				<b>3 986 831</b>	

All subsidiaries follow the same accounting year as Austevoll Seafood ASA.

\* Following the implementation of IFRS 10 from January 1 2014, AUSS has consolidated the investment in Br. Birkeland AS as a subsidiary. The investment was previously recognised as an associated company.

# Notes to the accounts

## NOTE 9 SHARES IN ASSOCIATES AND JOINT VENTURES

Gross numbers (100%)						
2015 Company name	Classification of investment	Net profit	Equity	Share capital	Carrying value	Voting share
Marin IT AS	Associated company	1 559	25 813	16 000	4 003	25,00 %
Pelagia Group	Joint venture	412 974	2 214 199	1 497 451	748 715	50,00 %
Foodcorp Chile Group*	Associated company	-13 011	835 667	280 730	58 709	26,39 %
<b>Total</b>					<b>811 427</b>	

\* AUSS acquired the shares in Foodcorp Chile S.A by a merger of the wholly owned subsidiary Inv. Pacfish Ltd with Foodcorp Chile S.A. The remaining 73,61% shares of Foodcorp Chile S.A is held by the subsidiary A-Fish AS. In the group accounts Foodcorp Chile S.A is consolidated as a wholly owned subsidiary.

Gross numbers (100%)						
2014 Company name	Classification of investment	Net profit	Equity	Share capital	Carrying value	Voting share
Marin IT AS	Associated company	1 606	23 671	16 000	4 003	25,00 %
Pelagia Group	Joint venture	254 067	1 910 037	1 497 451	748 715	50,00 %
Foodcorp Chile Group*	Associated company	32 610	717 133	280 730	58 709	26,39 %
<b>Total</b>					<b>811 427</b>	

Shares in associated companies and joint ventures are estimated to original cost price in Parent company.  
In the group this shares are estimated to equity method.

## NOTE 10 INVESTMENTS IN OTHER SHARES

2015 Company name	Geographical location	Number of shares	Owner-/ voting share	Fair value
Euro-Terminal AS	Bergen	4 897 290	16,7 %	25 711
Other shares				39
<b>Total</b>				<b>25 750</b>

2014 Company name	Geographical location	Number of shares	Owner-/ voting share	Fair value
Euro-Terminal AS	Bergen	4 897 290	16,7 %	25 711
Other shares				39
<b>Total</b>				<b>25 750</b>

## Notes to the accounts

### NOTE 11 OTHER RECEIVABLES

	2015	2014
<b>Other non-current receivables</b>		
Intragroup non-current receivables	70 392	53 829
<b>Other non-current receivables 31.12.</b>	<b>70 392</b>	<b>53 829</b>
<b>Other current receivables</b>		
Prepayments	248	4 164
Receivable public dues	493	0
<b>Other current receivables 31.12.</b>	<b>741</b>	<b>4 164</b>

### NOTE 12 TRADE RECEIVABLE

	2015	2014
Trade receivable at nominal value	4 758	1 975
<b>Accounts receivable 31.12.</b>	<b>4 758</b>	<b>1 975</b>
<b>The ageing of these trade receivables are as follows:</b>		
0 to 3 months	3 874	1 975
Over 6 months	884	0
<b>Total</b>	<b>4 758</b>	<b>1 975</b>
<b>The carrying amounts of the trade receivables are denominated in the following currencies:</b>		
<b>Currency</b>		
NOK	4 758	1 975
<b>Total</b>	<b>4 758</b>	<b>1 975</b>

### NOTE 13 GUARANTEE OBLIGATIONS

	2015	2014
Guarantee SG Finans AS	0	7 500
Guarantee Innovasjon Norge	1 500	1 500
<b>Total</b>	<b>1 500</b>	<b>9 000</b>

# Notes to the accounts

## NOTE 14 RESTRICTED BANK DEPOSITS

	2015	2014
Restricted deposits related to employee` tax deduction	1 757	989
<b>Total</b>	<b>1 757</b>	<b>989</b>

## NOTE 15 TAX

	2015	2014
<b>Specification of the tax expense</b>		
Change in deferred tax	37 605	-457
Deferred tax benefit not recognised	-37 605	457
Charged deferred tax benefit from earlier years	21 818	10 000
<b>Taxes</b>	<b>21 818</b>	<b>10 000</b>
<b>Tax reconciliation</b>		
Profit before tax	440 911	373 011
Taxes calculated with the nominal tax rate	119 046	100 713
Other differences - including dividends	-138 784	-112 903
Effect of change in tax rate from 27% to 25%	0	0
Tax OCI posts	205	-128
Deferred tax benefit not recognised	19 533	12 318
Charged deferred tax benefit from earlier years	21 818	10 000
<b>Taxes</b>	<b>21 818</b>	<b>10 000</b>
<b>Weighted average tax rate</b>	<b>4,60 %</b>	<b>3 %</b>
<b>Change in book value of deferred tax</b>		
Opening balance 01.01.	-21 818	-31 818
Booked to income in the period	37 605	-457
Deferred tax benefit not recognised	-37 605	457
Charged deferred tax benefit from earlier years	21 818	10 000
<b>Balance sheet value 31.12.</b>	<b>0</b>	<b>-21 818</b>

# Notes to the accounts

## NOTE 15 TAX (CONT.)

Deferred tax	Non-current assets	Liabilities	Pensions	Loss carried forward	Other differences	Total
<b>2014</b>						
Opening balance 01.01.	27 163	2 795	-394	-63 567	2 185	-31 818
Booked to income in the period	-376	676	-118	-11 308	-639	-11 765
<b>31.12. (tax rate 27%)</b>	<b>26 787</b>	<b>3 471</b>	<b>-512</b>	<b>-74 875</b>	<b>1 546</b>	<b>-43 583</b>
<b>2015</b>						
Booked to income in the period	-311	83	285	-19 533	682	-18 795
<b>31.12. (tax rate 27%)</b>	<b>26 476</b>	<b>3 554</b>	<b>-227</b>	<b>-94 408</b>	<b>2 228</b>	<b>-62 377</b>
Effect of change in tax rate from 27% to 25%	-1 961	-260	17	6 993	-168	4 621
<b>31.12. (tax rate 25%)</b>	<b>24 515</b>	<b>3 294</b>	<b>-210</b>	<b>-87 414</b>	<b>2 060</b>	<b>-57 757</b>
Valuation allowance deferred tax benefit						57 757
<b>Total deferred tax asset</b>						<b>-57 757</b>
<b>Deferred tax asset</b>						<b>0</b>
					2015	2014
Current					0	3 362
Non-current					0	-25 178
<b>Total</b>					<b>0</b>	<b>-21 816</b>

# Notes to the accounts

## NOTE 16 PENSIONS AND PENSIONS COMMITMENTS

The company has a closed defined benefit plan and a defined contribution plan in DNB Livsforsikring ASA. In 2015 the defined benefit plan comprises a total of 2 employees. The retirement pension starts from 67 years and remains until death.

The law with regards to mandatory occupational pension applies for the company, and the company's scheme complies with the rules.

<b>Net pension cost</b>	<b>2015</b>	<b>2014</b>
Current service cost	273	243
Interest cost	38	52
Administration costs	0	50
Social security tax	44	49
<b>Net pension cost related to defined benefit plan</b>	<b>355</b>	<b>394</b>
Pension costs related to defined contribution plan	154	172
Social security on defined contribution plan	22	24
<b>Net pension cost</b>	<b>531</b>	<b>591</b>
Actuarial change on post employment benefit obligation	-759	474
<b>Capitalised commitments are determined as follow</b>		
Present value of future pension commitments	4 883	5 240
Fair value of plan assets	-4 146	-3 578
Social security tax	104	234
<b>Net pension commitment on the balance sheet 31.12.</b>	<b>841</b>	<b>1 896</b>
<b>Financial premises for the Group</b>	<b>2015</b>	<b>2016</b>
Discount rate	2,70 %	2,70 %
Anticipated yield on pension assets	3,30 %	3,30 %
Anticipated regulation of wages	2,75 %	2,50 %
Anticipated regulation of pensions	0,00 %	0,00 %
Anticipated regulation of national insurance	2,25 %	2,25 %
Employee turnover	0,00 %	0,00 %
Social security tax rate	14,10 %	14,10 %
<b>Change in carrying amount of net pension commitments</b>		
Balance sheet value at 01.01.		1 896
Actuarial change on post employment benefit obligation		-759
Net pension cost		355
Pension payments and payments of pension premiums		-652
<b>Balance sheet value at 31.12.</b>		<b>841</b>

# Notes to the accounts

## NOTE 17 INTEREST BEARING DEBT

Austevoll Seafood ASA and some subsidiaries are part of a cash pool agreement.

Net interest-bearing assets/debt(-)	2015	2014
Liabilities to financial institutions - non-current	180 000	243 000
Bond loan - non-current	1 400 000	900 000
Liabilities to Group companies - non-current	0	15 872
Liabilities to financial institutions - current	150 000	210 000
Liabilities to financial institutions - overdraft	94 084	85 160
<b>Total interest-bearing debt</b>	<b>1 824 084</b>	<b>1 454 032</b>
Cash and cash equivalents	1 126 317	713 235
Other interest-bearing assets - non-current	164 476	138 989
<b>Net interest-bearing assets/debt(-)</b>	<b>-533 291</b>	<b>-601 808</b>
Bank overdrafts limit	100 000	100 000
Bankoverdrafts undrawn	5 916	14 840

Repayment profile debt	2016*	2017	2018	2019	2020	Subse- quent	Total**
Mortgage loan	150 000	20 000	20 000	20 000	120 000	0	330 000
Bond loan	0	400 000	500 000		0	500 000	1 400 000
<b>Total</b>	<b>150 000</b>	<b>420 000</b>	<b>520 000</b>	<b>20 000</b>	<b>120 000</b>	<b>500 000</b>	<b>1 730 000</b>

\* Repayments of non-current liabilities which mature in 2015 are classified as current liabilities in the balance sheet.

\*\* Non-current liabilities are reduced with provision paid with loan rising. The provision is accrued between the term of loans, and is per. 31.12 TNOK 8.412.

### Financial "covenants"

Financial covenant requirements for Austevoll Seafood ASA (the parent company) are measured on the Group's

consolidated level, and requires a minimum book equity ratio of 30% and a debt service ratio not less than 1.05.

Liabilities secured by mortgage	2015	2014
Current liabilities	244 084	295 160
Non-current liabilities	180 000	243 000
<b>Liabilities to credit institutions incl. leasing liab.</b>	<b>424 084</b>	<b>538 160</b>
Assets provided as security		
Shares*	217 500	3 202 403
Trade receivables	4 758	1 975
<b>Total assets provided as security</b>	<b>222 258</b>	<b>3 204 378</b>

\* In addition 8.066.500 no. of shares in Pelagia AS provide as security.

### Fair value of non-current liabilities

Based on contractual terms of non-current borrowings (ex bond loan), the fair value of the loans are estimated to be equal to book value as of 31.12.2015.

For further information about the bond loan, please refer to note 29 in the consolidated financial statement.

# Notes to the accounts

## NOTE 18 OTHER CURRENT LIABILITIES

Specification of other current liabilities	2015	2014
Salary and other personnel expenses	883	838
Accrued interests	12 161	12 581
Other short-term liabilities	60	82
<b>Other current liabilities</b>	<b>13 104</b>	<b>13 502</b>

## NOTE 19 RELATED PARTIES

2015	Operating revenue	Operating expenses	Net balance
Møgster Management AS	0	1 870	-5
Marin IT AS	0	1 444	-128
Laco AS	0	2 365	-3 126
Pelagia AS	0	0	2 693
Fitjar Mekaniske Verksted AS	602	0	0
Austral Group S.A.A	1 101	0	1 102
<b>Total</b>	<b>1 703</b>	<b>5 679</b>	<b>536</b>

2014	Operating revenue	Operating expenses	Net balance
Møgster Management AS	0	1 523	-45
Marin IT AS	0	1 229	-131
Laco AS	0	2 047	-1 514
Pelagia AS	507	0	0
Austral Group S.A.A	1 643	0	0
<b>Total</b>	<b>2 150</b>	<b>4 798</b>	<b>-1 690</b>

Møgster Management AS is owned by the company's major shareholder, Laco AS, and delivers administrative services (legal advice, catering, secretary, accounting) to the company. Marin IT AS delivers IT services, and is owned 75% by DOF ASA and 25% by Austevoll Seafood ASA.

In 2015 the company have paid TNOK 4 472 (2014: TNOK 4 751) to subsidiaries for rent and administrative services.

# Notes to the accounts

## NOTE 20 INTERCOMPANY BALANCES

Specification of intercompany balances	2015		2014	
	Current	Non-current	Current	Non-current
Receivable related to proposed dividend from LSG ASA	376 732	0	409 732	0
Receivable related to Group contributions and dividends	24 609	0	10 924	0
Receivable related to subsidiary balance on cash pool	93 947	0	85 033	0
Loans to Group companies	0	70 392	0	53 829
<b>Total intercompany receivables</b>	<b>495 287</b>	<b>70 392</b>	<b>505 689</b>	<b>53 829</b>
Trade payable group companies	385	0	0	0
Liabilities to Group companies	17 712	0	2 012	15 872
<b>Total intercompany liabilities</b>	<b>18 097</b>	<b>0</b>	<b>2 012</b>	<b>15 872</b>
<b>Net intercompany balances</b>	<b>477 190</b>	<b>70 392</b>	<b>503 677</b>	<b>37 957</b>

## NOTE 21 EARNINGS PER SHARE AND DIVIDEND PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares issued during the year.

Basis for calculation of earnings per share	2015	2014
The year's earnings	452 852	362 537
No. of shares at the balance sheet date (thousands)	202 717	202 717
Average no. of shares (thousands)	202 717	202 717
<b>Earnings per share</b>	<b>2,23</b>	<b>1,79</b>
Diluted earnings per share	2,23	1,79
<b>Proposed dividend per share</b>	<b>7,00</b>	<b>2,00</b>

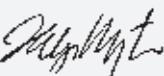
# Responsibility Statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2015 have been prepared in accordance with current applicable account 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.

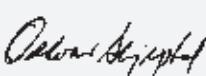
Storebø, 21 April 2016  
Board of Directors of Austevoll Seafood ASA



Helge Singelstad  
Chairman of the Board



Helge Møgster



Oddvar Skjegstad  
Deputy Chairman



Inga Lise Lien Moldestad



Leif Teksum



Lill Maren Møgster



Siren M. Grønhaug



Arne Møgster  
CEO & President





To the Annual Shareholders' Meeting of Austevoll Seafood ASA

## Independent auditor's report

### Report on the Financial Statements

We have audited the accompanying financial statements of Austevoll Seafood ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2015, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet as at 31 December 2015, income statement, statement of comprehensive income, changes in equity, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

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*Opinion on the financial statements of the parent company*

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of Austevoll Seafood ASA as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.

*Opinion on the financial statements of the group*

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Austevoll Seafood ASA as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

**Report on Other Legal and Regulatory Requirements**

*Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility*

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

*Opinion on Registration and Documentation*

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

Bergen, 21 April 2016  
**PricewaterhouseCoopers AS**

Sturle Døsen  
State Authorised Public Accountant (Norway)

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

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