



Austevoll Seafood ASA



Financial report

Q4 2015  
and  
preliminary figures for 2015

Austevoll Seafood ASA

Alfabygget  
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NORWAY

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## FINANCIAL REPORT

### Q4 2015 AND PRELIMINARY FIGURES FOR 2015

Positive conclusion to pelagic season in the North Atlantic and the anchoveta season in Peru.

Price increase for Atlantic salmon in the quarter, although release from stock costs remain high in certain regions.

In line with the company's dividend policy, the Board of Directors intends to recommend a dividend payment of NOK 2.20 per share for 2015.

#### KEY FIGURES FOR THE GROUP

All figures in NOK 1,000	Q4 2015	(restated) Q4 2014	2015	(restated) 2014
Operating revenue	3 828 573	3 704 689	15 273 494	14 344 177
EBITDA	502 723	578 015	2 244 076	2 516 189
EBITDA %	13 %	16 %	15 %	18 %
EBIT	177 586	373 564	1 386 436	1 855 768
Pre tax profit	941 062	885 023	1 572 137	1 346 473
Earnings per share (EPS) from continuing operations	1.91	1.38	3.59	2.76
Total assets			25 840 314	23 601 651
Equity			13 610 808	12 360 106
Equity ratio			53 %	52 %
Net interest bearing debt (NIBD)			4 838 160	3 959 866

## Q4 2015

Group operating revenue in Q4 2015 totalled NOK 3,829 million, compared with NOK 3,705 million in Q4 2014.

Turnover generated from salmon and trout is up in the quarter, while turnover from pelagic business is down when compared with the same quarter in 2014.

EBITDA achieved in the fourth quarter was NOK 503 million, down from NOK 578 million in the same quarter of last year.

EBIT before value adjustment of biomass in Q4 2015 was NOK 178 million (Q4 2014: NOK 374 million). EBIT after value adjustment of biomass in Q4 2015 was NOK 942 million (Q4 2014: NOK 991 million). The IFRS biomass adjustment for the quarter was positive at NOK 764 million (Q4 2014: NOK 617 million). In Q4, a write-down of NOK 116 million was made to goodwill related to the business in Chile.

Income from associates for Q4 2015 totalled NOK 94 million (Q4 2014: NOK 86 million). The largest associates are Norskott Havbruk AS (owner of the Scotland-based fish farming company Scottish Sea Farms Ltd.) and Pelagia AS.

The Group's net interest expense in Q4 2015 totalled NOK 53 million (Q4 2014: NOK 49 million).

**Profit before tax and IFRS biomass adjustment for Q4 2015 amounted to NOK 169 million, compared with NOK 249 million in Q4 2014.**

Profit before tax for the quarter totalled NOK 941 million (Q4 2014: NOK 885 million). Profit after tax was NOK 809 million (Q4 2014: NOK 616 million).

The Group is financially sound with an equity ratio of 53%. The Group had net interest-bearing debt totalling NOK 4,838 million at the end of Q4 2015, compared with NOK 3,959 million at the end of the same quarter last year.

## OPERATING SEGMENTS

### *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 fished for consumer products. The main fishing seasons for anchoveta in Central/North Peru are from April to July and November to January. Subsequent to restructuring, fishmeal and fish oil are now produced in four factories, located in Coishco, Chancay, Pisco and Ilo. The company also has two factories producing consumer products that share premises with the fishmeal and fish oil factories in Coishco and Pisco.

The second fishing season for anchoveta in Central/North Peru started on 17 November, and the total quota for the season was set at 1,110,000 tonnes. The total quota established for the same season in 2014 was 0 tonnes. At the end of December 2015, Austral had fished 77% of its quota. The remaining quota was fished in January 2016.

Sales volume in the quarter was low. The volume of fishmeal and fish oil sold in Q4 2015 was 2,700 tonnes, down from 11,700 tonnes in Q4 2014. At the start of 2016, the company had a stock of 19,600 tonnes of fishmeal and fish oil. The corresponding stock at the start of 2015 was 8,600 tonnes.

In December, 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. The total price for the vessel and utilisation is over USD 29 million.

Operating revenue in Q4 2015 totalled NOK 71 million (NOK 225 million in Q4 2014) and EBITDA was negative at NOK 26 million (NOK 16 million in Q4 2014).

Peru is one of the largest producers of fishmeal and oil in the world. Production volumes in Peru normally have a direct influence on the prices for fishmeal worldwide. Over the last two years, Peru has struggled with low quotas and operating problems.

### *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 facilities share the same premises in Coronel.

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

As normal, the fourth quarter is a low season for production of consumer products, and the company has fished approx. 700 tonnes of horse mackerel/mackerel. The volume of horse mackerel/mackerel fished in Q4 2014 was 4,900 tonnes. In 2015, the quota for anchoveta/sardine was increased, giving a total quota for 2015 of 512,000 tonnes (2014: 602,000 tonnes). The fishing season restarted on 4 November and the company has purchased more than 26,000 tonnes of fish from the coastal fleet during the fourth quarter. The volume purchased in Q4 2014 was more than 14,000 tonnes.

Operating revenue in Q4 2015 totalled NOK 143 million (NOK 128 million in Q4 2014) and EBITDA was negative at NOK 3 million (NOK 7 million in Q4 2014).

There has been a marked decline in fishing for horse mackerel in Chile since 2008/2009. International fish stock management was introduced in 2012, along with the very first total quota for fishing. Responsibility for fish stock management is assigned to the South Pacific Regional Fisheries Management Organization. The quotas established in subsequent years have only seen a minor increase, in order to safeguard the build-up in biomass. We are confident that the current practice of conservative management lays the foundations for a sustainable biomass in the long term and, consequently, increased activities for the Group's business in Chile.

Since 2012, FC has had an operating partnership with Alimar S.A. This partnership was terminated on 31 December 2015. From 2016 inclusive, the two companies will now operate their vessels and production facilities separately.

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.

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

In Q4 2015, LSG reported operating revenue of NOK 3,563 million (Q4 2014: NOK 3,304 million) and EBITDA before value adjustment of biomass of NOK 478 million (Q4 2014: NOK 534 million).

The company has harvested 41,700 tonnes gutted weight of salmon and trout in the quarter, compared with 42,500 tonnes in Q4 2014 or a decline in harvesting volume of 2%.

The spot price for salmon in Q4 2015 was NOK 45, up NOK 5 per kg compared with Q3 2015, and up 17% on Q4 2014. The spot prices have fluctuated significantly during the quarter, and the prices for different sizes of salmon have differed substantially. The prices realised by LSG in the quarter suffered from the early harvest of fish, including harvest of sizes that are not in demand, in addition to the fact that 40% of the total volume for the quarter was sold in October. LSG's contract coverage for the fourth quarter of 2015 was 33%.

As previously reported, Russia introduced a ban on various imports in August 2014, including Norwegian salmon and trout. This created a difficult market situation, made only worse when the EAEU customs union (Eurasian Economic Union) – covering several of Russia's neighbouring countries – introduced restrictions on the import of salmon and trout at the end of August 2015. The latter restrictions were lifted in the fourth quarter of 2015, but in total these bans on imports have had a very negative impact on the salmon market and even more so on the trout market. One important factor has therefore been the significantly weaker Norwegian krone against important trading currencies over time. This has provided an important boost to competitiveness on important markets.

Release from stock costs were marginally higher in Q4 2015 compared with Q3 2015, and remain at an extraordinarily high level historically. One important factor here is higher feed costs, but other factors include the extremely high direct and indirect costs

related to measures to comply with the statutory limits for salmon lice. There have been considerable problems with salmon lice in parts of Central Norway in the second half of 2015. The difficult situation has had a very negative effect on costs for the spring 2014 and autumn 2014 generations in Lerøy Midt with increased treatment costs and imposed slaughter. Uncertainty around future biological performance by Lerøy Midt is somewhat higher than normal. The production costs for the autumn 2014 generation will be higher than normal and have resulted in high release from stock costs in Q4 2015. This development will also have a negative impact on the first months of 2016. Measures implemented by Lerøy Midt will provide the region with a significantly larger volume of cleaner fish in 2016 and a vast increase in capacity to carry out treatment that does not involve medicines.

Lerøy Sjøtroll continues to be impacted by repercussions of the particularly challenging biological situation in Hordaland in the second half of 2014/winter of 2015. Release from stock costs in Q4 2015 have shown an increase when compared with Q3 2015. There has been a significant increase in focus on cleaner fish throughout 2015, including investments to become a major producer of lumpfish. A good supply of cleaner fish together with know-how and experience in using them are important prerequisites for the expected lower costs. LSG is already seeing extremely good results at individual locations and expects a positive development in this area in 2016.

Release from stock costs for Lerøy Aurora in Q4 2015 are on a par with the figures for Q3 2015. The increase in feed costs is expected to result in a gradual increase in release from stock costs throughout 2016.

Overall, there is significant variation in the performance of LSG's different farming regions in the quarter.

LSG has a total of 146 licences – 26 licences in Troms, 57 in Central Norway and 63 in West Norway.

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

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

BRBI owns two combined pelagic ring net/trawling vessels, each with 650 basic tonnes for ring nets and 1,425 trawling quota for blue whiting. In addition, the company is the majority shareholder in a ring net vessel with 471 basic tonnes. In 2014, the company invested in a vessel to fish for snow crab. In addition, BRBI owns seven licences for farming Atlantic salmon/trout in Hordaland.

In Q4 2015, the BRBI segment reported operating revenue of NOK

182 million (Q4 2014: NOK 153 million) and EBITDA before value adjustment of biomass of NOK 50 million (Q4 2014: NOK 22 million).

During the fourth quarter, the ring net vessels have fished their remaining quotas for herring and mackerel, and have reported successful operations and good earnings. The slaughter volume of salmon and trout in Q4 2015 was 2,700 tonnes, compared with 2,100 tonnes in the same period of 2014. Salmon prices in the quarter have been on the increase, although the fourth quarter was impacted by early harvest at one location, requiring extremely high release from stock costs.

### ***Pelagia AS***

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

Turnover for the quarter was NOK 1,053 million (Q4 2014: NOK 1,026 million) and EBITDA totalled NOK 111 million (Q4 2014: NOK 138 million).

Normally, the fourth quarter is the high season for supply of raw materials, particularly consumer products. The total volume of raw materials received by the Group (100%) for fishmeal and fish oil production was approx. 178,000 tonnes for the quarter, compared with approx. 194,000 tonnes in the same quarter of 2014. The volume of raw materials received for consumer products was 151,000 tonnes, compared with 191,000 tonnes in 2014.

### **CASH FLOWS Q4 2015**

Cash flow from operating activities for the fourth quarter 2015 was NOK 80 million (NOK 512 million in Q4 2014). Cash flow from investing activities for Q4 2015 was NOK -443 million (NOK -279 million in Q4 2014). Austral Group took ownership of a new fishing vessel in Q4 2015 and made a final payment for the vessel of NOK 213 million. Cash flow from financing activities for Q4 2015 was NOK 411 million (NOK -60 million in Q4 2014). Cash flow from financing activities mainly comprises payment of ordinary instalments and changes in short-term credits. The Group took out a new loan in the quarter to finance the takeover of the newbuilding in Peru. Net change in cash for the Group in Q4 2015 was NOK 47 million (NOK 173 million in Q4 2014). The Group's cash and cash equivalents at the end of Q4 2015 totalled NOK 2,470 million, compared with NOK 2,198 million at the end of Q4 2014.

### **FINANCIAL FACTORS AT THE END OF 2015**

The Group reported operating revenue of NOK 15,273 million in 2015 (2014: NOK 14,344 million).

The increase in turnover has been generated by activities within

both salmon and trout and the pelagic segment.

EBITDA before value adjustment of biomass in 2015 was NOK 2,244 million (2014: NOK 2,516 million).

The fall in EBITDA is attributed to the segment for salmon and trout and is caused by higher release from stock costs. The pelagic segment in total reported an increase in EBITDA, generated particularly by the opening of a second fishing season in Peru in 2015, whereas there was no second season in 2014.

EBIT before value adjustment of biomass in 2015 was NOK 1,386 million (2014: NOK 1,856 million). The IFRS biomass adjustment at end December 2015 was positive at NOK 247 million. The corresponding IFRS biomass adjustment for the same period in 2014 was negative at NOK 380 million. EBIT after value adjustment of biomass in 2015 was NOK 1,633 million (2014: NOK 1,476 million). Goodwill related to the business in Chile was written down by NOK 116 million in 2015.

Income from associates for 2015 totalled NOK 264 million (2014: NOK 217 million). The Group's net interest expenses in 2015 totalled NOK 223 million (2014: NOK 197 million).

**Profit before tax and biomass adjustment for 2015 is NOK 1,334 million, against a corresponding figure in 2014 of NOK 1,782 million.**

The pre-tax profit for the year totalled NOK 1,283 million (2014: NOK 1,001 million).

### **CASH FLOWS 2015**

Cash flow from operating activities in 2015 was NOK 1,211 million (NOK 1,795 million in 2014). Tax payments totalled NOK 428 million compared with NOK 439 million for the same period in 2014. Cash flow from investing activities in 2015 was NOK -938 million (NOK 375 million in 2014). Austral Group in Peru took ownership of a new fishing vessel in the fourth quarter 2015. The positive cash flow in 2014 resulted from a cash inflow of more than NOK 1,000 million to AUSS in connection with the establishment of Pelagia AS. Cash flow from financing activities in 2015 was NOK -19 million (NOK -1,452 million in 2014). The Group paid dividends of NOK 684 million compared with NOK 592 million in the same period in 2014. In 2015, AUSS established an unsecured bond loan of NOK 500 million maturing in 2021. In 2014, AUSS reduced a long-term credit facility by NOK 740 million. Net change in cash for the Group at end December 2015 was NOK 254 million (2014: NOK 718 million). The Group's cash and cash equivalents at the end of December 2015 totalled NOK 2,470 million compared with NOK 2,198 million at the end of December 2014.

### **BALANCE SHEET AS AT 31.12.15**

The Group had a balance sheet total at the end of December 2015 of NOK 25,840 million compared with NOK 23,602 million at the end of December 2014.

The Group is financially sound with book equity at 31 December 2015 of NOK 13,611 million, equivalent to an equity ratio of 53%. At end December 2014, the book equity for the Group was NOK 12,360 million, or an equity ratio of 52%.

Net interest-bearing debt was NOK 4,838 million at end December 2015 compared with NOK 3,959 million at end December 2014.

## RISKS AND UNCERTAINTIES

The Group's risk exposure is described in the consolidated financial statements for 2014. 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 turmoil in the global economy in recent years, including political trade barriers and geopolitical risk, the general consensus is that macroeconomic uncertainty is still greater than normal. Although this situation may have negative effects on the real economy in most markets, we are confident that AUSS' core activities are founded on long-term sustainable assets within interesting segments of the global seafood industry.

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

Changes in fishing patterns and quota adjustments result in fluctuations in catch volumes from quarter to quarter and from year to year, and consequently in the utilisation of the Group's production facilities. The difficult situation encountered by Austral Group in 2014 provides a practical illustration of this. The seasonal fluctuations in catch volumes cause similar fluctuations in the quarterly key figures.

The majority of the Group's debt is at floating interest rates, but fixed-rate contracts have been entered into for approx. 15% of the Group's interest-bearing debt.

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

## SHAREHOLDERS

The company had 4,086 shareholders at 31 December 2015. The number of shareholders at the start of the quarter was 4,046.

The share price was NOK 53.00 at the start of Q4 2015 and NOK 54.00 at the end of the quarter.

A list of the 20 largest shareholders can be found in Note 7.

The Board intends to recommend to the annual general meeting in 2016 a dividend payment for financial year 2015 of NOK 2.20 per share. This represents 40% of the net profit after biomass adjustment. Correspondingly, a figure of NOK 2.00 per share was paid in 2015, representing 32% of the net profit after biomass adjustment.

## MARKET AND OUTLOOK

### *Fishmeal and fish oil*

Europe is currently 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 start 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". Price trends for fishmeal in Europe, subsequent to a fall in Q4 2015, have been stable to rising in 2016. Price trends for fishmeal in South America were stable in Q4 2015, but falling in 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. In South America, the season for horse mackerel is now – in the first half of the year. 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 weakness of the 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 the 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.

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

One very positive factor in this segment was the re-establishment of imports to parts of the EAEU customs union towards the end of October 2015. 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.

Bearing in mind the prevailing framework conditions, including e.g. the provisional 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.

The Group's strong position within the global seafood business gives grounds for a positive outlook for the Group's future development. At the time of writing, the Board projects a higher profit in 2016 than in 2015.

Storebø, 22 February, 2016

The Board of Directors of Austevoll Seafood ASA

## INCOME STATEMENT (unaudited)

All figures in NOK 1.000	Q4 2015	(restated)		2015	2014
		Q4 2014			
<b>Operating revenue</b>	3 828 573	3 704 689		15 273 494	14 344 177
Raw material and consumables used	2 349 887	2 165 293		9 373 171	8 529 316
Salaries and personnel expenses	505 639	458 393		1 797 059	1 607 412
Other operating expenses	470 324	502 988		1 859 188	1 691 260
<b>Operating profit before depreciation (EBITDA)</b>	<b>502 723</b>	<b>578 015</b>		<b>2 244 076</b>	<b>2 516 189</b>
Depreciation and amortisation	210 986	169 917		749 754	630 308
Impairment	114 151	34 534		107 886	30 113
<b>EBIT before fair value biomass adjustment</b>	<b>177 586</b>	<b>373 564</b>		<b>1 386 436</b>	<b>1 855 768</b>
Fair value adjustment biomass	763 943	617 105		246 567	-379 758
<b>Operating profit</b>	<b>941 529</b>	<b>990 669</b>		<b>1 633 003</b>	<b>1 476 010</b>
Income from associated companies	93 838	86 253		264 279	217 381
Net interest expenses	-53 437	-49 480		-223 215	-197 074
Net other financial items (incl. agio/disagio)	-40 868	-142 419		-101 930	-149 844
<b>Profit before tax</b>	<b>941 062</b>	<b>885 023</b>		<b>1 572 137</b>	<b>1 346 473</b>
Income tax expenses	-131 803	-268 562		-289 031	-345 802
<b>Net profit</b>	<b>809 259</b>	<b>616 461</b>		<b>1 283 106</b>	<b>1 000 671</b>
Profit to non-controlling interest	425 465	338 352		560 863	445 561
Profit to controlling interests	383 794	278 109		722 243	555 110
Earnings per share (EPS)	1,91	1,38		3,59	2,76
Diluted EPS	1,91	1,38		3,59	2,76

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

All figures in NOK 1.000	Q4 2015	(restated)		2015	2014
		Q4 2014			
<b>Net earnings in the period</b>	<b>809 259</b>	<b>616 461</b>		<b>1 283 106</b>	<b>1 000 671</b>
<b>Other comprehensive income</b>					
Currency translation differences	60 518	468 312		419 618	562 138
Other comprehensive income from associated companies		-			-16
Cash flow hedges	-1 548	-32 304		45 127	-72 200
Change in value available for sale financial assets		-			-
Others incl. tax effect	-1 631	-		-14 552	-
<b>Total other comprehensive income</b>	<b>57 339</b>	<b>436 008</b>		<b>450 193</b>	<b>489 922</b>
<b>Comprehensive income in the period</b>	<b>866 598</b>	<b>1 052 469</b>		<b>1 733 299</b>	<b>1 490 593</b>
Allocated to;					
Minority interests	436 649	434 744		616 348	501 732
Majority interests	429 949	617 725		1 116 951	988 861

## STATEMENT OF FINANCIAL POSITION (unaudited)

All figures in NOK 1.000	31.12.2015	(restated) 31.12.2014
<b>Assets</b>		
Intangible assets	8 161 702	7 738 221
Vessels	949 354	699 923
Property, plant and equipment	4 581 699	4 249 364
Investments in associated companies	1 766 591	1 563 187
Investments in other shares	33 428	33 836
Other long-term receivables	61 159	66 712
<b>Total non-current assets</b>	<b>15 553 933</b>	<b>14 351 243</b>
Inventories	5 539 913	4 721 989
Accounts receivable	1 655 026	1 637 571
Other current receivables	621 047	692 700
Cash and cash equivalents	2 470 395	2 198 148
<b>Total current assets</b>	<b>10 286 381</b>	<b>9 250 408</b>
<b>Total assets</b>	<b>25 840 314</b>	<b>23 601 651</b>
<b>Equity and liabilities</b>		
Share capital	101 359	101 359
Own shares	-35 306	-35 306
Share premium	3 713 549	3 713 549
Retained earnings and other reserves	5 256 429	4 541 467
Non-controlling interests	4 574 777	4 039 037
<b>Total equity</b>	<b>13 610 808</b>	<b>12 360 106</b>
Deferred tax liabilities	2 778 079	2 665 098
Pensions and other obligations	154 385	169 447
Borrowings	5 322 635	4 794 922
Other long-term liabilities	29 693	16 104
<b>Total non-current liabilities</b>	<b>8 284 792</b>	<b>7 645 571</b>
Short term borrowings	1 078 286	741 009
Overdraft facilities	877 941	622 083
Account payable	1 004 075	1 172 648
Other current liabilities	984 412	1 060 234
<b>Total current liabilities</b>	<b>3 944 714</b>	<b>3 595 974</b>
<b>Total liabilities</b>	<b>12 229 506</b>	<b>11 241 545</b>
<b>Total equity and liabilities</b>	<b>25 840 314</b>	<b>23 601 651</b>
NIBD	4 838 160	3 959 866
Equity ratio	53 %	52 %

## CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

All figures in NOK 1.000	31.12.2015	(restated) 31.12.2014
<b>Equity period start</b>	<b>12 360 106</b>	<b>11 464 196</b>
<b>Comprehensive income in the period</b>	<b>1 733 299</b>	<b>1 490 593</b>
Dividends	-684 061	-593 600
Business combinations/acquisition	201 463	-
Transactions with non-controlling interest	-	-1 083
Effect option programme	-	-
Other	-	-
<b>Total changes in equity in the period</b>	<b>1 250 702</b>	<b>895 910</b>
<b>Equity at period end</b>	<b>13 610 808</b>	<b>12 360 106</b>

## CASH FLOW STATEMENT (unaudited)

All figures in NOK 1.000	Q4 2015	(restated) Q4 2014	2015	(restated) 2014
<b>Cash flow from operating activities</b>				
Profit before income taxes	941 062	885 022	1 572 137	1 346 472
Fair value adjustment of biological assets	-763 943	-617 105	-246 567	379 758
Taxes paid in the period	-27 245	-43 866	-427 611	-438 602
Depreciation and amortisation	210 986	169 916	749 754	630 307
Impairments	114 151	34 535	107 886	30 114
Associated companies - net	-93 838	-86 253	-264 279	-217 381
Interest expense	66 094	78 652	261 532	244 673
Interest income	-12 657	-17 212	-38 317	-47 599
Change in inventories	-218 833	-93 142	-557 886	-316 082
Change in receivables	18 902	-269 588	94 476	63 834
Change in payables	-255 501	106 814	-181 541	10 168
Other operating cash flow incl currency exchange	100 621	363 797	141 544	109 076
<b>Net cash flow from operating activities</b>	<b>79 799</b>	<b>511 570</b>	<b>1 211 128</b>	<b>1 794 738</b>
<b>Cash flow from investing activities</b>				
Purchase of intangible and fixed assets	-485 764	-351 688	-1 125 674	-994 489
Purchase of shares and equity investments	-19 737	-62 672	-149 080	-64 418
Proceeds from sale of fixed assets/equity investments	52 653	61 481	101 692	1 191 035
Cash inflow from business combinations	521	-	12 858	133 656
Dividend received	-	18 751	174 000	36 250
Interest income	12 657	17 212	38 317	47 599
Other investing activities - net	-3 639	37 957	10 141	24 970
<b>Net cash flow from investing activities</b>	<b>-443 309</b>	<b>-278 959</b>	<b>-937 746</b>	<b>374 603</b>
<b>Cash flow from financing activities</b>				
Proceeds from new long term debt	396 487	128 253	1 379 786	881 174
Repayment of long term debt	-128 597	-193 928	-734 557	-1 394 642
Change in short term debt	203 323	84 882	275 754	-106 721
Interest paid	-60 445	-80 708	-255 959	-238 067
Dividends paid	-	-	-684 061	-592 222
Other finance cash flow - net	-	1 457	-	-1 082
<b>Net cash flow from financing activities</b>	<b>410 768</b>	<b>-60 044</b>	<b>-19 037</b>	<b>-1 451 560</b>
Net change in cash and cash equivalents	47 258	172 567	254 345	717 781
Cash, and cash equivalents at start of period	2 420 080	1 992 458	2 198 148	1 443 314
Exchange gains/losses (-)	2 882	33 123	17 727	37 053
<b>Cash and cash equivalents at period end</b>	<b>2 470 220</b>	<b>2 198 148</b>	<b>2 470 220</b>	<b>2 198 148</b>

## NOTE 1 ACCOUNTING POLICIES

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

## NOTE 2 RELATED PARTY TRANSACTIONS

There were related party transactions in Q4 2015. Related party transactions take place on market terms, and the relevant types of transactions are described in detail in the Annual Report 2014.

## NOTE 3 BIOLOGICAL ASSETS

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

The fair value adjustment for biomass recognised in the income statement includes change in unrealised gain/loss on financial sales and purchase contracts (derivatives) with Fish Pool, an international regulated marketplace for buying and selling financial salmon contracts. Fish Pool contracts are treated as financial instruments on the balance sheet, where unrealised gain is recognised as other current receivables and unrealised loss as other current debt.

<b>Carrying amount of biological assets</b>	<b>31.12.2015</b>	31.12.2014		
Fish in sea at historic cost	<b>3 105 620</b>	2 694 863		
FV adjustment fish in sea	<b>971 070</b>	784 546		
Fair value fish in sea	<b>4 076 689</b>	3 479 409		
Fry, brood, smolt and cleaning fish	<b>244 141</b>	202 584		
Carrying amount of biological assets	<b>4 320 830</b>	3 681 993		
Total biological assets at historic cost	<b>3 349 760</b>	2 897 447		
FV adjustment on biological assets	<b>971 070</b>	784 546		
Carrying amount of biological assets	<b>4 320 830</b>	3 681 993		
<b>Fair value adjustment</b>	<b>Q4 2015</b>	Q4 2014	<b>2015</b>	2014
Change IFRS adj. biological assets	<b>686 042</b>	577 670	<b>186 524</b>	-325 957
Change IFRS adj. derivatives	<b>3 099</b>	1 142	<b>1 984</b>	-1 457
FV adj. biological assets	<b>689 141</b>	578 812	<b>188 508</b>	-327 414
<b>Volume of fish in sea (LWT)</b>	<b>Q4 2015</b>	Q4 2014	<b>2015</b>	2014
Volume at beginning of period	<b>104 840</b>	106 847	<b>107 505</b>	103 107
Business combinations	<b>0</b>	2 574	<b>0</b>	2 574
Growth during the period	<b>53 959</b>	49 556	<b>191 731</b>	193 666
Harvested volume during the period	<b>-50 529</b>	-51 472	<b>-190 966</b>	-191 842
Volume at end of period	<b>108 270</b>	107 505	<b>108 270</b>	107 505
Fish > 4kg	<b>31 686</b>	37 871	<b>31 686</b>	37 871

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

The table includes salmon and trout.

## Br Birkeland AS

<b>Carrying amount of biological assets</b>			<b>2015</b>	2014
Fish in sea at historic cost			<b>172 475</b>	177 463
FV adjustment fish in sea			<b>81 182</b>	23 123
Fair value fish in sea	-	-	<b>253 657</b>	200 586
Fry, brood and smolt			-	-
Carrying amount of biological assets	-	-	<b>253 657</b>	200 586
<b>Fair value adjustment</b>	<b>Q4 2015</b>	Q4 2014	<b>2015</b>	2014
Change IFRS adj. biological assets	<b>74 802</b>	38 293	<b>58 059</b>	-52 344
Change IFRS adj. derivatives	-	-	-	-
FV adj. biological assets	<b>74 802</b>	38 293	<b>58 059</b>	-52 344
<b>Volume of fish in sea (LWT)</b>	<b>Q4 2015</b>	Q4 2014	<b>2015</b>	2014
Volume at beginning of period	<b>5 797</b>	6 289	<b>5 893</b>	5 915
Growth during the period	<b>3 279</b>	2 133	<b>8 947</b>	8 847
Harvested volume during the period	<b>-3 321</b>	-2 529	<b>-9 085</b>	-8 869
Volume at end of period	<b>5 755</b>	5 893	<b>5 755</b>	5 893
Fish > 4kg	<b>3 421</b>	1 489	<b>3 421</b>	1 489

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

## NOTE 4 OPERATING SEGMENTS

All figures in NOK 1.000	Lerøy Seafood Group ASA	Austral Group S.A.A	Foodcorp Chile S.A	Br. Birkeland AS	Other/ eliminations	Total Group	Pelagia AS * (50% of figures and volumes)	Total Group incl. Pelagia AS (50%)
<b>Q4 2015</b>								
Operating revenue	3 563 473	70 757	142 876	182 128	-130 661	3 828 573	1 052 933	4 881 506
EBITDA	477 607	-26 260	-3 200	49 993	4 583	502 723	110 656	613 379
EBITDA %	13 %	-37 %	-2 %	27 %		13 %	11 %	13 %
EBIT ex. Impairment	352 759	-68 512	-20 234	28 576	-852	291 737	86 133	377 870
EBIT	352 759	-66 455	-136 442	28 576	-852	177 586	86 133	263 719
<b>Volumes sold:</b>								
Salmon (gwt tonnes)	41 697			2 724		44 421		44 421
Fishmeal/oil/FPC (tonnes)		2 732	5 504			8 236	22 197	30 433
Frozen fish (tonnes)		-	2 110			2 110	69 624	71 734
Canning (cases)		53 790	5 590			59 380		59 380
<b>Q4 2014 (restated)</b>								
Operating revenue	3 303 713	225 073	128 425	152 747	-105 269	3 704 689	1 026 349	4 731 038
EBITDA	533 846	16 312	6 941	21 914	-998	578 015	138 259	716 274
EBITDA %	16 %	7 %	5 %	14 %		16 %	13 %	15 %
EBIT ex. Impairment	437 225	-23 782	-7 676	7 845	-5 479	408 133	114 280	522 413
EBIT	435 243	-32 479	-31 566	7 845	-5 479	373 564	114 280	487 844
<b>Volumes sold:</b>								
Salmon (gwt tonnes)	42 479			2 131		44 610		44 610
Fishmeal/oil/FPC (tonnes)		11 713	3 433			15 146	21 296	36 442
Frozen fish (tonnes)		-	2 908			2 908	85 047	87 955
Canning (cases)		81 425	9 214			90 639	-	90 639
<b>2015</b>								
Operating revenue	13 484 931	1 091 246	490 263	520 433	-313 379	15 273 494	3 045 981	18 319 475
EBITDA	1 813 868	272 637	46 747	106 398	4 425	2 244 075	358 710	2 602 785
EBITDA %	13 %	25 %	10 %	20 %		15 %	12 %	14 %
EBIT ex. Impairment	1 379 952	108 983	-17 596	39 276	-16 294	1 494 321	274 191	1 768 512
EBIT	1 379 952	117 305	-133 804	39 276	-16 293	1 386 436	274 191	1 660 627
<b>Volumes sold:</b>								
Salmon (gwt tonnes)	157 697			7 746		165 443		165 443
Fishmeal/oil/FPC (tonnes)		63 070	12 107			75 177	97 425	172 602
Frozen fish/fresh (tonnes)		26	11 968			11 994	156 399	168 393
Canning (cases)		351 543	23 609			375 152		375 152
<b>2014</b>								
Operating revenue	12 696 874	1 067 299	500 696	429 190	-349 882	14 344 177	2 822 806	17 166 983
EBITDA	2 160 138	180 137	79 483	91 523	4 907	2 516 188	294 634	2 810 822
EBITDA %	17 %	17 %	16 %	21 %		18 %	10 %	16 %
EBIT ex. Impairment	1 790 625	42 045	26 341	39 117	-12 247	1 885 881	209 942	2 095 823
EBIT	1 788 676	38 977	1 243	39 117	-12 247	1 855 766	209 942	2 065 708
<b>Volumes sold:</b>								
Salmon (gwt tonnes)	158 258					158 258		158 258
Fishmeal/oil/FPC (tonnes)		79 075	21 994	7 520		108 589	87 432	196 021
Frozen fish/fresh (tonnes)		2 626	16 823			19 449	194 808	214 257
Canning (cases)		557 046	60 021			617 067	-	617 067

## NOTE 5 ASSOCIATES

		Q4 2015	(restated) Q4 2014	2015	(restated) 2014
Norskott Havbruk AS	50,0 %	13 493	30 509	41 408	95 540
Pelagia AS	50,0 %	71 851	57 156	203 322	124 744
Villa Organic AS	47,8 %	-	-	-	-5 418
Others		8 494	-1 412	19 549	2 515
<b>Total income from ass.companies</b>		<b>93 838</b>	<b>86 253</b>	<b>264 279</b>	<b>217 381</b>
<b>Total investment</b>				<b>1 766 591</b>	<b>1 563 187</b>

## NOTE 6 BUSINESS COMBINATIONS

Business combinations have taken place in Lerøy Seafood Group ASA (LSG) in 2015. LSG has increased its equity interest in Alfarm Alarko Lerøy from 50% to 100% by purchasing the remaining 50% of the shares. In connection with the acquisition, the company changed its name to Lerøy Tyrkia A.S., and the former associate is now a subsidiary. Moreover, LSG has acquired 100% of the shares in the Norwegian company Senja Akvakultursenter AS via Lerøy Aurora AS. This company owns a large plot of land regulated for aquaculture, and is currently a major producer of lumpfish. At the start of 2015, LSG acquired 91% of the shares in the Norwegian company Preline Fishfarming System AS. In December 2015, the Group increased its stake in Norsk Oppdrettservice AS from 34% to 51% with a further acquisition of shares. This company is now a major producer of lumpfish.

For more detailed information, please refer to LSG's financial report for Q4 2015 available at [www.leroy.no](http://www.leroy.no)

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 (74%) in the company 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.



## NOTE 7 LIST OF THE 20 LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2015

Investor	Number of shares	% of top 20	% of total
LACO A/S	112 605 876	75.95%	55.55%
STATE STREET BANK & TRUST CO A/C CLIENT FUND NUMBER	5 150 905	3.47%	2.54%
PARETO AKSJE NORGE	4 490 447	3.03%	2.22%
STATE STREET BANK AND TRUST CO A/C CLIENT OMNIBUS	3 370 299	2.27%	1.66%
FOLKETRYGDFONDET	1 938 691	1.31%	0.96%
FACTUM AS	1 800 000	1.21%	0.89%
MITSUMI AND CO.. LTD	1 782 236	1.20%	0.88%
JP MORGAN CHASE BANK. NA	1 765 000	1.19%	0.87%
OM HOLDING AS	1 741 850	1.17%	0.86%
BR.BIRKELAND AS	1 722 223	1.16%	0.85%
DANSKE INVEST NORSKE INSTIT. II.	1 546 282	1.04%	0.76%
THE BANK OF NEW YORK MELLON	1 488 002	1.00%	0.73%
JP MORGAN BANK LUXEMBOURG S.A	1 372 600	0.93%	0.68%
MP PENSJON PK	1 182 000	0.80%	0.58%
SKANDINAVISKA ENSKILDA BANKEN AB	1 178 176	0.79%	0.58%
CITIBANK. N.A.	1 170 975	0.79%	0.58%
THE NORTHERN TRUST CO.	1 159 515	0.78%	0.57%
FORSVARETS PERSONELLSERVICE	990 246	0.67%	0.49%
PARETO AS	921 000	0.62%	0.45%
STATE STREET BANK AND TRUST CO A/C WEST NON-TREATY ACCOUNT	886 851	0.60%	0.44%
<b>Total number owned by top 20</b>	<b>148 263 174</b>	<b>100 %</b>	<b>73.14%</b>
<b>Total number of shares</b>	<b>202 717 374</b>		<b>100 %</b>

## NOTE 8 WRITE-DOWNS

A write-down of goodwill was performed in the quarter in relation to the business in Chile. 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 by a total of NOK 116 million.

