

FINANCIAL REPORT

Q1 2014



Austevoll Seafood ASA

Financial Report

Q1 2014

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High earnings in the first quarter, good prices achieved for Atlantic salmon and trout.

The transaction between Austevoll Seafood ASA and Kvefi AS concerning the merger of the companies' operations in Europe within pelagic production for human consumption, fishmeal and fish oil was completed in January 2014, and Pelagia AS has been established.

Start-up of first fishing season in Peru (anchoveta) on 23 April, closing on 31 July, total quota of 2,530,000 tonnes.

KEY FIGURES FOR THE GROUP

| All figures in NOK 1,000 | Q1 2014 | (restated) Q1 2013 | 2013 | (restated) 2012 |
|---|------------|-----------------------|------------|--------------------|
| Operating income | 3 616 231 | 2 754 660 | 12 409 756 | 11 170 879 |
| EBITDA | 744 734 | 485 472 | 2 226 108 | 1 170 071 |
| EBITDA % | 21 % | 18 % | 18 % | 10 % |
| Earnings per share (EPS) from continuing operations | 0,48 | 0,71 | 4,66 | 1,81 |
| EPS from continuing and discontinuing operations | 0,48 | 0,89 | 3,48 | 2,10 |
| Total assets | 19 700 778 | 19 163 675 | 21 224 259 | 18 649 605 |
| Equity | 10 704 186 | 9 917 246 | 10 699 318 | 9 399 809 |
| Equity ratio | 54 % | 52 % | 50 % | 50 % |
| Net interest bearing debt (NIBD)/ | 3 159 021 | 3 413 812 | 4 767 714 | 3 655 065 |

Q1 2014

The Group reported operating income of NOK 3,616 million for the quarter (Q1 2013 restated: NOK 2,755 million).

EBITDA in the first quarter totalled NOK 745 million (Q1 2013 restated: NOK 485 million).

The substantial increase in turnover and EBITDA is attributable to the Atlantic salmon and trout segment. Considerably higher prices were achieved for Atlantic salmon and trout in Q1 2014, compared with the same quarter in 2013. This is also reflected in the segment's excellent profit from operations.

The pelagic fisheries segments have also seen an increase in turnover and EBITDA in the first quarter of 2014 when compared with the same period in 2013.

EBIT before value adjustment for biomass in Q1 2014 was NOK 608 million (Q1 2013 restated: NOK 360 million). The IFRS value adjustment for biomass for Q1 2014 was negative at NOK 478 million compared to a positive adjustment of NOK 209 million in Q1 2013. EBIT after value adjustment for biomass in Q1 2014 was NOK 130 million (Q1 2013 restated: NOK 569 million).

Income from associated companies totalled NOK 60 million in Q1 2014 (Q1 2013 restated: NOK 28 million). The first quarter result is strongly affected by the negative IFRS value adjustment for biomass which constitutes NOK 70 million for the quarter.

The largest associated companies are Pelagia AS, Norskott Havbruk AS (owner of the Scotland-based fish farming company Scottish Sea Farms Ltd.), Villa Organic AS and Brødrene Birkeland AS.

The Group's net interest expenses in Q1 2014 totalled NOK 47 million (Q1 2013 restated: NOK 48 million).

Profit before tax and biomass adjustment for Q1 2014 amounted to NOK 628 million, compared with NOK 334 million in the same quarter of 2013.

The pre-tax profit for the quarter totalled NOK 151 million (Q1 2013 restated: NOK 543 million). Profit after tax for Q1 2014 was NOK 133 million, compared with NOK 412 million in the same quarter of 2013.

Austevoll Seafood ASA (AUSS) and Kvefi AS finalised the merger of the two companies' operations in Europe within pelagic fishery for human consumption, fishmeal and fish oil in January 2014. For more detailed information, please refer to AUSS's stock exchange notification dated 21 January 2014. As a result of this agreement, Norway Pelagic Holding AS and Welcon Invest AS have been treated as a disposal group held for sale in AUSS's consolidated financial statements for 2013. Comparative figures for the four quarters of 2013 have been restated accordingly.

The Group is financially sound with an equity ratio of 54%. The Group had net interest-bearing debt totalling NOK 3,159 million at the close of Q1 2014. At the end of March 2013, NIBD amounted to NOK 3,414 million (restated).

OPERATING SEGMENTS

Fishmeal and fish oil

The operating segment comprises the Group's operations in South America. The Group's fishmeal and fish oil activities in Europe are reported under the Pelagic North Atlantic operating segment.

Operating income in Q1 2014 totalled NOK 343 million (Q1 2013 restated: NOK 216 million) and EBITDA amounted to NOK 94 million (Q1 2013 restated: NOK 15 million).

The second fishing season (anchoveta) in Peru started on 12 November 2013 with a total quota of 2.3 million tonnes. The Group's fleet had a total quota of 158,000 tonnes, of which approximately 90% had been caught by the end of 2013. The remaining volume was caught during the first half of January 2014.

A total of 34,300 tonnes of fishmeal and oil were sold in Q1 2014, compared with approx. 16,400 tonnes in the same quarter of 2013. The increase in sales volume is related to the substantially higher inventory of these products (Peru) at the start of 2014 when compared with the opening inventory at the start of 2013, due to the higher quota for anchoveta issued in the autumn of 2013 and when compared with the autumn of 2012.

The prices achieved for fishmeal were down approximately 30% in Q1 2014 from Q1 2013. For fish oil, the prices achieved in Q1 2014 have been approx. 7% higher than those in Q1 2013.

The first quarter is a low season for production of fishmeal and fish oil. The fishing season for anchoveta in Chile started mid-March and the first fishing season of 2014 in Peru started on 23 April and will close on 31 July 2014. The total quota issued for Peru is 2.5 million tonnes compared with 2.05 million tonnes in 2013.

Consumer products

Operating income in Q1 2014 totalled NOK 106 million (NOK 142 million in Q1 2013) and EBITDA amounted to NOK 13 million (NOK 28 million in Q1 2013).

The total volume sold for consumption in Q1 2014 breaks down as follows: approx. 4,700 tonnes of frozen products compared with 7,800 tonnes in the same period last year; approx. 208,000 boxes of canned products, compared with approx. 387,000 boxes for the same period in 2013. The first quarter is the season for horse mackerel and mackerel in both Chile and Peru. The total volume caught in Q1 2014 was 20,400 tonnes in Chile (Q1 2013: 23,600 tonnes) and 6,900 tonnes in Peru (Q1 2013: 7,500 tonnes).

The Group's company in Peru sold its factory within this segment in Paita in January 2014. In the future, production for consumption in Peru will take place in the facilities in Coishco and Pisco. The facility in the north (Paita) has experienced problems with supply of raw materials for a number of years, both from the company's own fleet and from third parties. Capacity at the facility in Coishco for frozen products will be increased to 475 tonnes per hour in 2014.

Production, sale and distribution of Atlantic salmon and trout

This operating segment comprises Lerøy Seafood Group ASA (LSG). In Q1 2014, the segment reported operating income of NOK 3,180 million (Q1 2013: NOK 2,386 million) and EBITDA before value adjustment for biomass of NOK 639 million (Q1 2013: NOK 444 million).

The main driver for the increase in turnover and operating profit in Q1 2014, when compared with Q1 2013, has been the higher prices achieved for the company's main products, Atlantic salmon and trout. However, the prices achieved are strongly influenced by the segment's contractual position and, as a result, the prices achieved are lower than the market spot prices for the same period. The segment's share of contracts was approx. 42% in Q1 2014.

Harvest volumes reported by the segment totalled 33,336 tonnes (gutted weight) of salmon and trout in the quarter, compared with 33,231 tonnes in Q1 2013.

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

Pelagic North Atlantic

The operating segment comprises Pelagia AS and its subsidiaries, Welcon Invest AS, Norway Pelagic Holding AS and Eggersund Fisk AS. In the official consolidated financial statements for AUSS, Pelagia AS is reported as an associated company due to the new IFRS provision which no longer allows for jointly controlled entities to be reported according to the proportionate consolidation method. In the notes to the financial statements for this segment (note 4), and the description of the segment in this report, the financial information comprises 50% of Pelagia AS's total turnover, EBITDA, EBIT and sales volume. This corresponds to AUSS's shareholding in the company.

The figures reported for the first quarter of 2013 and for the year 2013 as a whole are proforma figures intended to illustrate the position of the company as if the transaction relating to the merger between AUSS and Kvefi had taken place on 1 January 2013. These proforma figures have been prepared in order to allow comparison of the quarterly and annual figures as a whole for the entire operating segment.

The figures representing 50% of turnover generated by the operating segment are NOK 646 million (Q1 2013, proforma:

NOK 733 million) and EBITDA of NOK 60 million (Q1 2013, proforma: NOK 79 million).

As normal, the first quarter is an important period for production within this segment. In total, the companies in the Pelagia Group received approx. 359,000 tonnes of raw materials in the quarter compared with a corresponding volume of 423,000 tonnes in Q1 2013.

CASH FLOW

Cash flow from operating activities totalled NOK 779 million in Q1 2014 (Q1 2013 restated: NOK 491 million). Cash flow from operating activities has increased due to a high operating profit and a lower level of tied up working capital. Cash flow from investing activities came to NOK 946 million in Q1 2014 (Q1 2013 restated: NOK -200 million). The increase in cash flow from investing activities is attributed to the sale of shares required for the transaction between AUSS and Kvefi which in total amounted to just over NOK 1,000 million. Normal investments in maintenance are also included in the figure. Cash flow from financing activities for Q1 2014 was NOK -1,233 million (Q1 2013 restated: NOK -258 million). Cash flow from financing activities comprises ordinary instalments and changes in short-term credit facilities, in addition to repayment of AUSS's long-term credit facility totalling NOK 740 million. Net change in cash for the Group in Q1 2014 was NOK 492 million (Q1 2013 restated: NOK 33 million). The Group's cash and cash equivalents at the end of March 2014 totalled NOK 1,885 million compared with NOK 2,204 million at the end of March 2013.

BALANCE SHEET AT 31 MARCH 2014

At the end of March 2014, the Group had a balance sheet total of NOK 19,701 million compared with NOK 19,164 million (restated) at the end of March 2013.

The Group is financially sound with book equity at the end of Q1 2014 of NOK 10,704 million, which corresponds to an equity ratio of 54%. The Group has seen an improvement in its financial strength during the first quarter of the year, with an increase since 31 December 2013 when the equity ratio was 50%. At the end of March 2013, the book equity for the Group was NOK 9,917 million (restated), which yields an equity ratio of 52%.

Net interest-bearing debt at 31 March 2014 was NOK 3,159 million compared with NOK 3,414 million at 31 March 2013 (restated). AUSS received a cash payment exceeding NOK 1,000 million in January 2014 as settlement for the transaction between AUSS and Kvefi.

The Group's cash and cash equivalents excluding unused lines of credit at the end of March 2014 totalled NOK 1,885 million compared with NOK 2,204 million at the end of March 2013 (restated).

RISK AND UNCERTAINTY FACTORS

The Group's risk exposure is described in the consolidated financial statements for 2013. The Group's activities are mainly global and will always be impacted to varying degrees by developments in the global economy. In light of the financial crisis and turmoil in the global economy 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, AUSS's core business is founded on long-term sustainable assets within viable seafood industries.

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

Changes in fishing patterns and quota regulations result in fluctuating catch volumes from quarter to quarter and from year to year, and subsequently in the utilisation of the company's production facilities. The seasonal fluctuations in catch volumes cause similar fluctuations in the interim key figures.

The Group has a floating interest rate for the main share of its debt, but has signed fixed interest rate contracts for approx. 20% of its interest-bearing debt.

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

SHAREHOLDERS

At 31 March 2014, the company had 4,291 shareholders compared with 4,394 shareholders at the end of March 2013. The share price was NOK 35.50 at the end of March 2014 compared with NOK 35.40 at 31 March 2013.

The Annual General Meeting will be held on 23 May 2014, and the Board of Directors has recommended a dividend payment of NOK 1.60 per share in 2014 (the dividend payment in 2013 was NOK 1.20 per share). If adopted, the dividend will be paid on 6 June 2014. The shares will be quoted ex-dividend from and including 26 May 2014.

MARKET AND OUTLOOK

Fishmeal and fish oil

Fishmeal and fish oil prices have been traded sideways in the first quarter of the year. At the time of writing, fishmeal FOB

Peru (super prime) is trading at USD 1,600-1,620 and fish oil for use in feed (FOB South America) at USD 1,850-1,900. Short-term prognoses for both fishmeal and fish oil indicate stable growth.

Consumption

The trend witnessed in recent years with a low volume of raw materials for the consumption segment persisted throughout 2013 and is expected to continue in 2014. The Board of Directors nevertheless expects continued high demand for the Group's canned products, and price levels are expected to remain stable. The market for frozen products has been difficult as a result of import restrictions in Nigeria.

Pelagic North Atlantic

The main season for receipt of raw materials and production for this segment are the first and fourth quarters. The basic supply of raw materials for 2014, based on Norwegian quotas, indicates a further decline for Norwegian spring-spawning herring but an increase for mackerel and blue whiting. The allocation of the recommended total allowable catch (TAC) between coastal nations has now been finalised, and the parties have successfully reached an agreement on mackerel rights between Norway/the EU and the Faeroe Islands. The market for consumer products in Russia, the Ukraine and Nigeria is challenging.

Production, sale and distribution of salmon and trout

As expected, the strong growth in the global supply of Atlantic salmon slowed down in 2013. This factor, combined with persistent strong growth in demand, resulted in very high prices for Atlantic salmon and trout in 2013, a trend also evident to date in 2014.

In light of the high demand for seafood and the development of the segment's extensive distribution system for seafood, there is every reason to expect the segment to continue to develop positively. At the same time, the strong seasonal variance in volume offered to the market keeps prices for the segment's main products volatile.

The Group

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

Bearing in mind the prevailing framework conditions for the Group's operations, the Board of Directors is largely very satisfied with the Group's results for Q1 2014. The Group's strong position within the global seafood business provides grounds for a positive outlook for the Group's future development.

Storebø, 13 May 2014

The Board of Directors of Austevoll Seafood ASA

INCOME STATEMENT (unaudited)

| All figures in NOK 1,000 | Q1 2014 | (Restated) Q1 2013 | 2013 |
|---|----------------|-----------------------|------------------|
| Operating income | 3 616 231 | 2 754 660 | 12 409 756 |
| Raw material and consumables used | 2 125 924 | 1 652 015 | 7 491 072 |
| Salaries and personnel expenses | 360 368 | 327 568 | 1 423 334 |
| Other operating expenses | 385 205 | 289 605 | 1 269 242 |
| Operating profit before depreciation (EBITDA) | 744 734 | 485 472 | 2 226 108 |
| Depreciation and amortisation | 138 474 | 126 965 | 529 474 |
| Impairment | -1 874 | -1 702 | 89 541 |
| EBIT before fair value biomass adjustment | 608 134 | 360 209 | 1 607 093 |
| Fair value adjustment biomass | -477 635 | 209 063 | 764 229 |
| Operating profit | 130 499 | 569 272 | 2 371 322 |
| Income from associated companies | 59 584 | 28 391 | 248 350 |
| Net interest expenses | -46 501 | -47 789 | -195 792 |
| Net other financial items (incl. agio/disagio) | 7 189 | -6 764 | -43 657 |
| Profit before tax | 150 771 | 543 110 | 2 380 223 |
| Income tax expenses | -17 917 | -131 605 | -580 768 |
| Net profit from continuing operations | 132 854 | 411 505 | 1 799 455 |
| Net profit from discontinued operation | - | 36 420 | -238 699 |
| Net profit | 132 854 | 447 925 | 1 560 756 |
| Profit to minority interests | 35 295 | 279 933 | 855 411 |
| Profit to equity holder of parent from continuing operations | 97 558 | 143 090 | 944 044 |
| Profit to equity holder of parent from discontinuing operations | - | 36 420 | -238 699 |
| Net profit to equity holder of parent from cont. and discont. operations | 97 558 | 179 510 | 705 345 |
| Earnings per share (EPS) from continuing operations | 0,48 | 0,71 | 4,66 |
| Diluted EPS from continuing operations | 0,48 | 0,71 | 4,66 |
| EPS excl.fair value adj biomass from continuing operations | 1,56 | 0,24 | 2,96 |
| EPS from discontinuing operations | - | 0,18 | -1,18 |
| EPS from continuing and discontinuing operations | 0,48 | 0,89 | 3,48 |

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

| All figures in NOK 1,000 | Q1 2014 | (Restated) Q1 2013 | 2013 |
|--|----------------|-----------------------|------------------|
| Net earnings in the period | 132 854 | 447 925 | 1 560 756 |
| Other comprehensive income | | | |
| Currency translation differences | -64 615 | 89 696 | 156 998 |
| Other comprehensive income from associated companies | -20 | -83 | |
| Cash flow hedges | -12 008 | 986 | 8 785 |
| Change in value available for sale financial assets | | - | -487 |
| Others | -33 058 | - | 431 |
| Total other comprehensive income | -109 701 | 90 599 | 165 727 |
| Comprehensive income in the period | 23 153 | 538 524 | 1 726 483 |
| Allocated to; | | | |
| Minority interests | 17 181 | 199 526 | 907 821 |
| Majority interests | 5 969 | 338 998 | 818 662 |

STATEMENT OF FINANCIAL POSITION (unaudited)

| All figures in NOK 1,000 | 31.03.14 | (restated) 31.03.2013 | 31.12.13 |
|--------------------------------------|-------------------|--------------------------|-------------------|
| Assets | | | |
| Intangible assets | 6 009 650 | 5 970 233 | 6 035 665 |
| Vessels | 424 403 | 443 370 | 455 172 |
| Property, plant and equipment | 3 543 226 | 3 478 476 | 3 640 683 |
| Investments in associated companies | 1 872 208 | 624 365 | 1 060 925 |
| Investments in other shares | 31 399 | 44 307 | 31 328 |
| Other long-term receivables | 64 556 | 37 426 | 52 773 |
| Total non-current assets | 11 945 442 | 10 598 177 | 11 276 546 |
| Inventories | 3 904 320 | 3 455 883 | 4 467 682 |
| Accounts receivable | 1 485 974 | 1 171 242 | 1 704 898 |
| Other current receivables | 480 429 | 511 588 | 585 613 |
| Assets classified as held for sale | - | 1 222 978 | 1 793 241 |
| Cash and cash equivalents | 1 884 613 | 2 203 807 | 1 396 279 |
| Total current assets | 7 755 336 | 8 565 498 | 9 947 713 |
| Total assets | 19 700 778 | 19 163 675 | 21 224 259 |
| Equity and liabilities | | | |
| Share capital | 101 359 | 101 359 | 101 359 |
| Share premium | 3 713 549 | 3 713 549 | 3 713 549 |
| Retained earnings and other reserves | 3 525 260 | 3 113 020 | 3 506 926 |
| Non-controlling interests | 3 364 018 | 2 989 318 | 3 377 484 |
| Total equity | 10 704 186 | 9 917 246 | 10 699 318 |
| Deferred tax liabilities | 1 934 539 | 1 967 287 | 2 090 835 |
| Pensions and other obligations | 62 593 | 57 029 | 45 370 |
| Borrowings | 4 026 826 | 4 315 634 | 4 950 287 |
| Other long-term liabilities | 10 914 | 6 924 | 10 512 |
| Total non-current liabilities | 6 034 872 | 6 346 874 | 7 097 004 |
| Short term borrowings | 704 016 | 950 103 | 604 042 |
| Overdraft facilities | 312 792 | 401 882 | 659 664 |
| Account payable | 988 700 | 873 120 | 1 179 802 |
| Other current liabilities | 956 212 | 674 450 | 984 429 |
| Total current liabilities | 2 961 720 | 2 899 555 | 3 427 937 |
| Total liabilities | 8 996 592 | 9 246 429 | 10 524 941 |
| Total equity and liabilities | 19 700 778 | 19 163 675 | 21 224 259 |

CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

| All figures in NOK 1,000 | 31.03.14 | (restated) 31.03.2013 | 2013 |
|--|-------------------|--------------------------|-------------------|
| Equity period start | 10 699 318 | 9 399 809 | 9 399 809 |
| Comprehensive income in the period | 23 153 | 538 524 | 1 726 483 |
| Dividends | -29 576 | -4 160 | -415 212 |
| Business combinations/acquisition | - | - | - |
| Transactions with non-controlling interest | -1 050 | - | -3 509 |
| Effect option programme | - | - | - |
| Other | 12 341 | -16 927 | -8 253 |
| Total changes in equity in the period | 4 868 | 517 437 | 1 299 509 |
| Equity at period end | 10 704 186 | 9 917 246 | 10 699 318 |

CASH FLOW STATEMENT (unaudited)

| All figures in NOK 1,000 | Q1 2014 | (restated) Q1 2013 | 2013 |
|--|-------------------|-----------------------|-------------------|
| Cash flow from operating activities | | | |
| Profit before income taxes | 150 769 | 543 110 | 2 380 223 |
| Fair value adjustment of biological assets | 477 635 | -209 063 | -764 229 |
| Taxes paid in the period | -73 169 | -66 559 | -181 463 |
| Depreciation and amortisation | 138 474 | 126 965 | 529 474 |
| Impairments | -1 874 | -1 702 | 89 541 |
| Associated companies - net | -59 584 | -28 391 | -248 350 |
| Interest expense | 56 650 | 62 199 | 240 792 |
| Interest income | -10 149 | -15 498 | -45 000 |
| Change in inventories | 85 726 | 83 516 | -373 118 |
| Change in receivables | 324 108 | -15 583 | -661 599 |
| Change in payables | -226 102 | -16 327 | 266 121 |
| Other operating cash flow incl currency exchange | -83 151 | 28 489 | 129 233 |
| Net cash flow from operating activities | 779 333 | 491 156 | 1 361 625 |
| Cash flow from investing activities | | | |
| Purchase of intangible and fixed assets | -164 220 | -167 908 | -919 920 |
| Purchase of shares and equity investments | -390 | -98 610 | -1 139 493 |
| Proceeds from sale of fixed assets/equity investments | 1 114 010 | 47 468 | 167 669 |
| Dividend received | - | - | 41 019 |
| Interest income | 10 149 | 15 498 | 45 000 |
| Other investing activities - net | -13 796 | 3 521 | -6 325 |
| Net cash flow from investing activities | 945 753 | -200 031 | -1 812 050 |
| Cash flow from financing activities | | | |
| Proceeds from new long term debt | 49 213 | 45 626 | 1 843 509 |
| Repayment of long term debt | -859 873 | -90 743 | -1 628 506 |
| Change in short term debt | -343 919 | -144 639 | 99 451 |
| Interest paid | -48 976 | -64 033 | -242 220 |
| Dividends paid | -29 576 | -4 160 | -411 474 |
| Other finance cash flow - net | - | - | - |
| Net cash flow from financing activities | -1 233 131 | -257 949 | -339 240 |
| Net change in cash and cash equivalents | 491 955 | 33 176 | -789 665 |
| Cash, and cash equivalents at start of period | 1 396 279 | 2 162 261 | 2 162 262 |
| Exchange gains/losses (-) | -3 620 | 8 370 | 23 681 |
| Cash and cash equivalents at period end | 1 884 614 | 2 203 807 | 1 396 278 |
| The cash flow presented above is not including cash flow from discontinued operations. | | | |
| Cash flow from discontinued operations is as follows: | | Q1 2013 | 2013 |
| Net operating cash flow from discontinued operations | | -94 196 | 232 170 |
| Net investing cash flow from discontinued operations | | -5 387 | -87 303 |
| Net financing cash flow from discontinued operations | | 109 519 | -22 957 |
| Net change in cash from discontinued operations | - | 9 936 | 121 910 |

NOTE 1 ACCOUNTING POLICIES

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

This report must therefore be read in the context of the most recent annual report from the company (2013).

NOTE 2 RELATED PARTY TRANSACTIONS

There were related party transactions in Q1 2014. Related party transactions take place on market terms and the relevant types of transactions are described in greater detail in the annual report for 2013.

NOTE 3 BIOLOGICAL ASSETS

LSG recognises and estimates biological assets (fish in sea) at fair value. When calculating fair value, the prices are adjusted according to quality differences (superior, ordinary and production) and logistic costs. The volume is adjusted to account for loss during gutting. The fair value of fish in the sea with an average weight of less than 4 kg is adjusted relative to the stage reached by the fish in its growth cycle. The value will not be adjusted to lower than historical cost, unless the Group expects to generate a loss from future sales.

| | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | Q1 2014 |
|----------------------------------|----------------|----------------|-----------------|------------------|-----------------|
| Total fish in sea (LWT) | 90 173 | 83 385 | 102 766 | 103 107 | 96 852 |
| Fish > 4 kg (LWT) | 31 416 | 16 347 | 34 091 | 41 529 | 39 408 |
| Adjustment inventory | 556 253 | 651 809 | 331 019 | 1 110 502 | 633 475 |
| P&L effect adjustment | 209 063 | 90 981 | -319 125 | 783 310 | -477 635 |

Recognised value adjustment for biomass includes a change in unrealised gain/loss related to financial sales and purchase contracts (derivatives) for fish with Fish Pool. The Fish Pool contracts are reported as financial instruments on the balance sheet, where the unrealised gain is classified as other current receivables and unrealised loss classified as other current liabilities.

NOTE 4 OPERATING SEGMENTS

| All figures in NOK 1,000 | Salmon | Fishmeal and fish oil | Human Consumption | Other/ eliminations | Total Group | Pelagia AS * (50% of figures and volumes) | Total Group incl. Pelagia AS (50%) |
|-----------------------------|------------|--------------------------|----------------------|------------------------|-------------|---|--|
| Q1 2014 | | | | | | | |
| Operating revenue | 3 180 264 | 342 610 | 106 168 | -12 811 | 3 616 231 | 671 802 | 4 288 033 |
| EBITDA | 638 852 | 93 945 | 12 908 | -971 | 744 734 | 61 890 | 806 624 |
| EBITDA % | 20 % | 27 % | 12 % | | 21 % | 9 % | 19 % |
| EBIT | 550 360 | 61 554 | 1 283 | -5 063 | 608 134 | 41 308 | 649 442 |
| Volumes sold: | | | | | | | |
| Salmon (gwt tonnes) | 33 336 | | | | 33 336 | | 33 336 |
| Fishmeal (tonnes) | | 31 185 | | | 31 185 | 10 675 | 41 860 |
| Fish oil (tonnes) | | 3 103 | | | 3 103 | 7 142 | 10 245 |
| Frozen fish (tonnes) | | | 4 714 | | 4 714 | 45 214 | 49 928 |
| Canning (cases) | | | 207 955 | | 207 955 | | 207 955 |
| FPC/Oil (tonnes) | | | | | | 4 902 | 4 902 |
| Q1 2013 (restated) | | | | | | | |
| Operating revenue | 2 385 551 | 216 068 | 141 512 | 11 529 | 2 754 660 | 732 517 | 3 487 177 |
| EBITDA | 443 748 | 15 470 | 27 853 | -1 599 | 485 472 | 78 566 | 564 038 |
| EBITDA % | 19 % | 7 % | 20 % | | 18 % | 11 % | 16 % |
| EBIT | 369 351 | -12 143 | 8 846 | -5 845 | 360 209 | 57 606 | 417 815 |
| Volumes sold: | | | | | | | |
| Salmon (gwt tonnes) | 33 231 | | | | 33 231 | | 33 231 |
| Fishmeal (tonnes) | | 14 121 | | | 14 121 | 12 072 | 26 193 |
| Fish oil (tonnes) | | 2 304 | | | 2 304 | 4 743 | 7 047 |
| Frozen fish (tonnes) | | | 7 838 | | 7 838 | 54 086 | 61 924 |
| Canning (cases) | | | 387 055 | | 387 055 | | 387 055 |
| FPC/Oil (tonnes) | | | | | | 4 995 | 4 995 |
| 2013 | | | | | | | |
| Operating revenue | 10 818 519 | 1 261 931 | 350 297 | -20 991 | 12 409 756 | 2 972 175 | 15 381 931 |
| EBITDA | 1 938 474 | 319 060 | -36 052 | 4 626 | 2 226 108 | 259 909 | 2 486 017 |
| EBITDA % | 18 % | 25 % | -10 % | | 18 % | 9 % | 16 % |
| EBIT | 1 625 799 | 127 430 | -133 414 | -12 722 | 1 607 093 | 174 045 | 1 781 138 |
| Volumes sold: | | | | | | | |
| Salmon (gwt tonnes) | 144 784 | | | | 144 784 | | 144 784 |
| Fishmeal (tonnes) | | 92 801 | | | 92 801 | 57 310 | 150 111 |
| Fish oil (tonnes) | | 14 156 | | | 14 156 | 18 995 | 33 151 |
| Frozen fish (tonnes) | | | 14 662 | | 14 662 | 184 427 | 199 089 |
| Canning (cases) | | | 1 126 396 | | 1 126 396 | | 1 126 396 |
| FPC/Oil (tonnes) | | | | | | 24 414 | 24 414 |

* Figures and volumes Q1 13 and full year 2013 are proforma figures for Pelagia Group as the transaction had taken place January 1st. 2013.

NOTE 5 ASSOCIATED COMPANIES

| | | Q1 2014 | (Restated) Q1 2013 | 2 013 |
|--|--------|------------------|-------------------------------|------------------|
| Norskott Havbruk AS | 50,0 % | 36 429 | 21 832 | 101 075 |
| Pelagia AS | 50,0 % | 32 764 | - | |
| Br. Birkeland AS | 49,9 % | -11 631 | 5 712 | 55 403 |
| Villa Organic AS | 47,8 % | 766 | - | 91 997 |
| Others | | 1 255 | 847 | -126 |
| Total income from ass.companies | | 59 583 | 28 391 | 248 350 |
| Total investment | | 1 872 208 | 624 365 | 1 060 925 |

