

# ANNUAL REPORT

# 2016



**SHETLAND**  
EBIT 176 558 TNOK  
GWE 13 541 TONS

**ROGALAND**  
EBIT 466 756 TNOK  
GWE 18 367 TONS

**CANADA**  
EBIT 80 526 TNOK  
GWE 10 715 TONS

**FINNMARK**  
EBIT 447 131 TNOK  
GWE 22 104 TONS



TNOK = 1000 Norwegian Kroner  
GWE = Gutted Weight

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# A REAL EFFORT THAT PAID OFF

As 2015 went down in history as a challenging year for the entire aquaculture industry, 2016 arose with great opportunities for Grieg Seafood to demonstrate what we stand for and can achieve. For our shareholders, our employees and the excellent natural resource we are set to manage.



The organisation has cooperated exemplary at all levels, as our employees have given everything to realise our vision of achieving perfection together. Backed by the Board of Directors, the group has taken important steps during 2016. Under the slogan «time to step up», we have initiated programs to mobilise talent and motivation into becoming the best aquaculture company in our regions. As the CEO, I am proud to look back on 2016 and conclude that we have succeeded with our targeted efforts. The Board's decision to return a NOK 3 dividend to our shareholders for 2016 is the best proof of our joint achievement.

## GOOD SALES FIGURES

An important factor in our success is the strong global demand for the healthy and tasty salmon that we produce. On several indicators, 2016 marks an all-time high in Grieg Seafood's history. All quarterly reports represent progress, and by the end of the year, the group reached an EBIT per kg at 18 NOK. The Norway region achieved even higher prices, proving our earlier statement that there's more to gain in Norway. Certainly there still is. The global demand for healthy and nutritious food is not going to decrease, and Grieg Seafood has set a bold target to become the best provider of such food in our regions.

About 30% of our 2016 sales passed through fixed price contracts. This will increase in 2017. Fixed price contracts fit Grieg Seafood's long-term sales targets and simultaneously

make up a good strategy for Ocean Quality, the sales company for all our regions. The collaboration between Ocean Quality and the owner companies Grieg Seafood and Bremnes Fryseri has been very satisfactory in the past year.

## THE SMOLT STRATEGY

The biological threats to fish in the sea prompt a highly professional response consisting of clever countermeasures based on local strategies. Our project to reduce the smolt cycle in sea from 24 to 18 months in our Shetland region is initiated. We expect that the project will improve sustainability and strengthen the company. By releasing larger smolts into the sea and thereby shorten the fish's total stay in the sea, the biological threat will be reduced, the mortality rate will fall and production will increase. Another measure fulfilled with success is to make all regions self-supplied with smolt.

In the upcoming period, we will further emphasize the control and cost sides of the business, having defined a goal to make the operation even more efficient and profitable. Better control with biological risks, cost development, planning and smolt production are among our persistent success factors.

## THE HUMAN CAPITAL

Our employees make up the group's most precious resource as they are the foremost representatives of our values; open, respectful and ambitious. On our route to become the leading

***"Grieg Seafood has set a bold target to become the best provider of healthy and nutritious food"***

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group in our industry, each individual's continuous effort is essential. Accordingly, the Board has adopted an additional cash bonus to suit every employee in addition to the existing 2016 bonus scheme. Our renewed effort for the welfare of the staff began in early 2016 when Grieg Seafood established the position for HR-director with special responsibility for developing human capital. This important work continued throughout the year and contributed to the great results. Overall, I consider that our employees have good incentives and heightened motivation to make 2017 an even better year than 2016. One of our tangible measures is a global HR strategy for all employees in the group.

### VALUES AND LOCAL INVOLVEMENT

With great pleasure, I can confirm that Grieg Seafood in course of 2016 has strengthened the group's position and considerably increased its value in absolute terms. These results are, of course, partly owing to raw material prices. On the other hand, we have worked hard to restructure operations in all our regions, we have secured high harvest volumes, we have kept focusing on fighting sea lice, we have emphasized responsible fish health practices, and we have made a sincere effort to reduce production costs throughout the operations. These measures are available tools for Grieg Seafood to strengthen our market position. In 2017, we will work even harder and more collectively in order to continue our improvement.

In 2016, we have given priority to strengthening communities in our locations. We have supported First Nation activities in

British Columbia, wild salmon projects in Finnmark, and wide variety of sports and activities for children and young people in all regions. Grieg Seafood is proud to have a community engagement, which helps communities and the group alike to create greater value for the future.

### IMPROVED OPERATIONS

Throughout 2016, the value of our fish and licenses demonstrated a positive development. In addition, we have obtained a higher production volume, our capacity and license utilisation has improved, and we have achieved good remarks on fish health and welfare. Grieg Seafood attaches great importance to environmental sustainability standards. In 2016, we have implemented four green licenses in Finnmark, and more are underway. The number of employees has been stable, and we experience a high degree both of thriving and mastering of tasks at all levels of the organisation.

Although there are many positive features to note from the market situation and fulfillment of previous targets, I want to remind everyone that salmon production always faces substantial risks. The risks relate to biology, price fluctuations, international trade conditions and changes in external conditions. Hence, our risk management procedures are under constant supervision, and in 2017, we will do everything in our power to preserve a stable and secure production platform. As CEO of Grieg Seafood, I have set some goals myself for next year: We will deliver better than budget, we will continue to grow a profitable and sustainable business, and we will work together to achieve perfection.

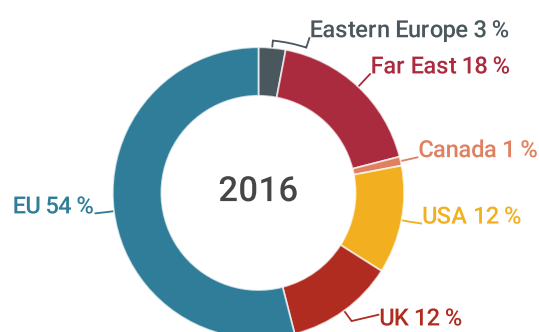


**Andreas Kvame**

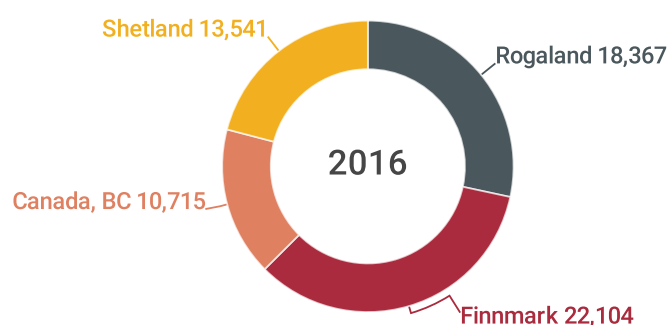
CEO

# KEY FIGURES 2016

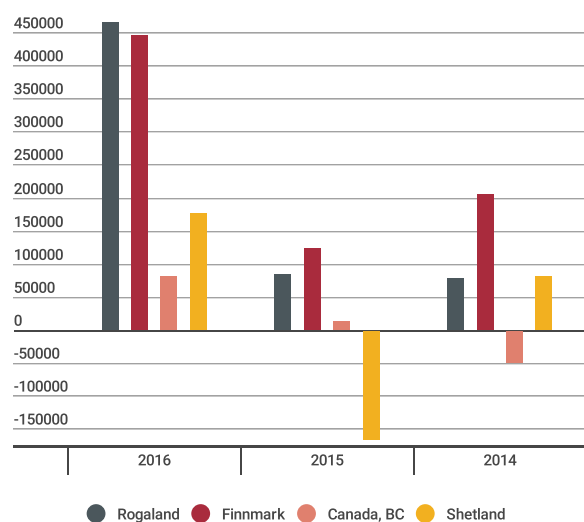
## OUR MARKETS



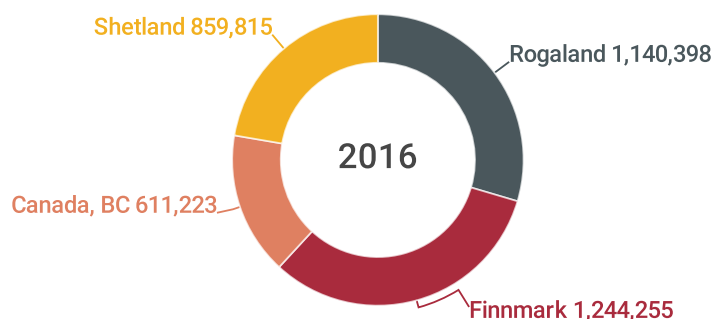
## HARVEST VOLUME (TONS)



## EBIT (NOK 1000)



## TURNOVER (NOK 1000)



FINANCIAL KEY FIGURES	2016	2015	2014	2013	2012	2011
EBITDA margin in % *	20 %	6 %	12 %	20 %	-1 %	17 %
EBIT margin in % **	18 %	1 %	8 %	14 %	-9 %	10 %
ROCE ***	33 %	5 %	10 %	12 %	-6 %	7 %
EK %	47 %	38 %	42 %	43 %	37 %	41 %
NIBD ****	906	1 569	1 566	1 445	1 530	1 444
EPS *****	10,74	-0,06	1,26	3,9	-1,33	-1,11
NIBD / EBITDA	0,7	6,3	3,3	3,0	-51,3	4,2

\* EBITDA before fair value adjustment of biological assets, in percent

\*\* EBIT before fair value adjustment of biological assets, in percent

\*\*\* Return on capital employed

\*\*\*\* Net interest bearing debt

\*\*\*\*\* Earnings per share





# GRIEG SEAFOOD ROGALAND AS

18 367 TONS GWE  
20 LICENSES

Grieg Seafood Rogaland AS (GSFR) farms salmon in Rogaland. The company has 18 seawater licences and two smolt licences. The company has its own brood activity in the Erfjord. All the fish produced at our own plants are processed at our own facilities.

Operations in Rogaland are divided into four divisions:

- Broodstock
- Hatcheries
- Seawater
- Processing

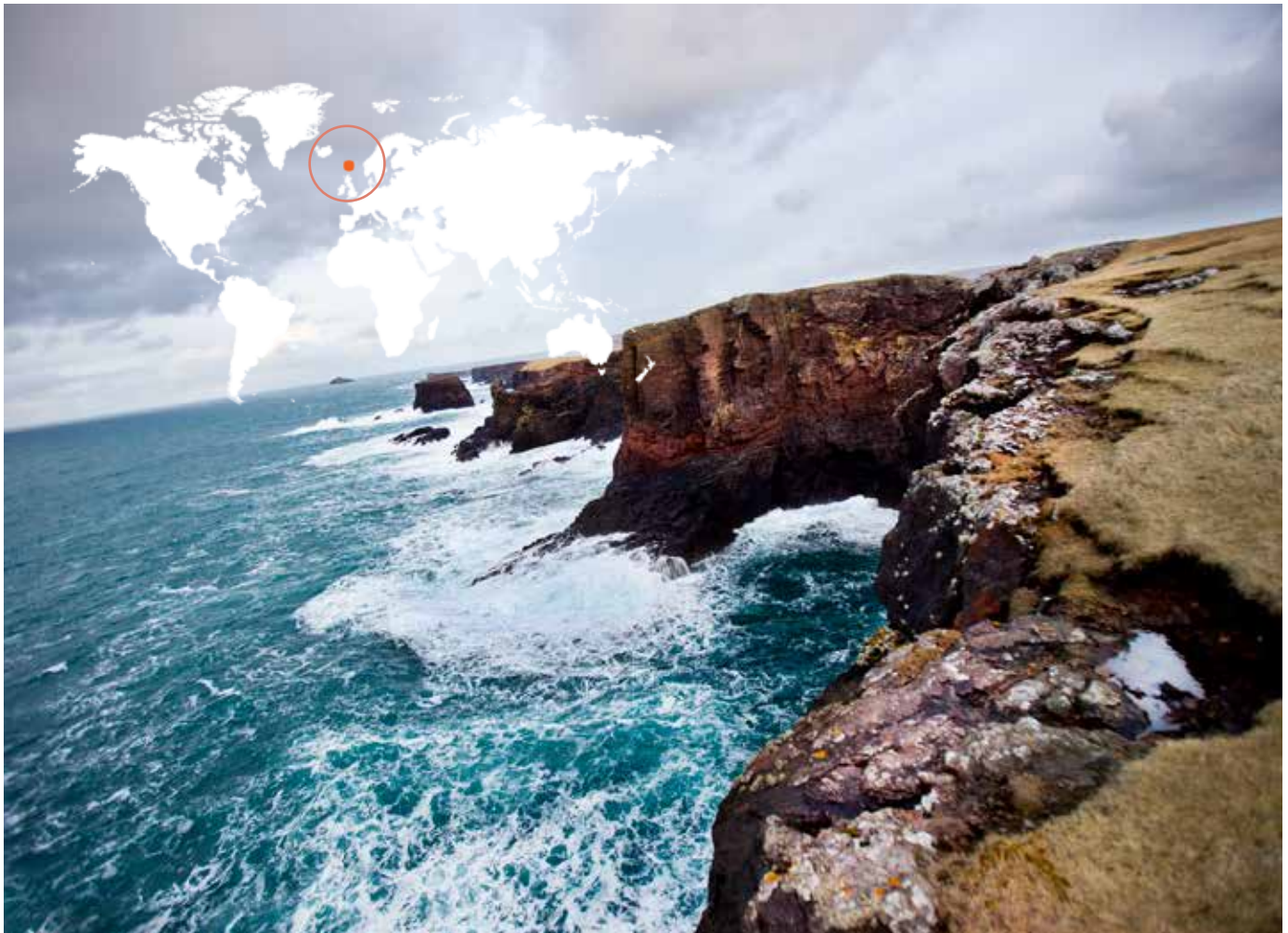
Production capacity is estimated to be approximately 24,000 tons gutted weight. The company is Global GAP certified.

Our operations are located in six municipalities in Rogaland and they contribute significant local value creation. Read more about community commitments in the Sustainability Report.

ROGALAND	2016	2015	2014	2013	2012
Harvest in tons GWE*	18 367	15 236	12 778	15 088	19 247
Sales revenue TNOK	1 140 398	661 204	572 550	640 600	558 300
EBIT TNOK **	466 756	83 516	77 835	144 800	50 800
EBIT / kg GWE	25,4	5,5	6,1	9,6	2,6

\* GWE = Gutted Weight

\*\* EBIT = EBIT before fair value adjustment of biological assets



# GRIEG SEAFOOD SHETLAND LTD

13 541 TONS GWE  
36 LICENSES

Grieg Seafood Shetland Ltd. (GSFSH) operates in Shetland and the Ilse of Skye. We are the largest player in salmon production in Shetland. The company has activities within the complete value chain.

The business has an estimated production capacity of around 20,000 tons gutted weight. GSFSH is Global GAP certified.

Our operations are divided into three divisions:

- Hatcheries
- Seawater
- Processing

The business is a significant contributor to local value creation. Read more about community commitments in the Sustainability Report.

SHETLAND	2016	2015	2014	2013	2012
Harvest in tons GWE*	13 541	16 370	19 231	13 158	17 097
Sales revenue TNOK	859 815	773 526	852 455	567 400	538 100
EBIT TNOK **	176 558	-164 833	81 087	27 300	-83 700
EBIT / kg GWE	13,0	-10,1	4,2	2,1	-4,9

\* GWE = Gutted Weight

\*\* EBIT = EBIT before fair value adjustment of biological assets





# GRIEG SEAFOOD FINNMARK AS

22 104 TONS GWE  
27 LICENSES

Grieg Seafood Finnmark AS (GSFF) farms salmon in Finnmark county in Norway. The company has a total of 26 seawater licences and one smolt licence. Four of the licences are so-called green concessions that became fully operational in 2016.

The company has its own processing plants that harvest all salmon produced by the company.

Production capacity is estimated at 33,000 tons gutted weight. The company was Global GAP certified in 2016.

Operations are divided into three divisions:

- Hatcheries
- Seawater
- Processing

The business is located in five municipalities and is a significant contributor to local value creation. Read more about community commitment in the Sustainability Report.

FINNMARK	2016	2015	2014	2013	2012
Harvest in tons GWE*	22 104	19 481	26 470	23 076	20 080
Sales revenue TNOK	1 244 255	797 872	975 291	870 100	519 800
EBIT TNOK **	447 131	124 004	205 934	216 800	-17 700
EBIT / kg GWE	20,2	6,4	7,8	9,4	-0,9

\* GWE = Gutted Weight

\*\* EBIT = EBIT before fair value adjustment of biological assets





# GRIEG SEAFOOD BC LTD

10 715 TONS GWE  
21 LICENSES

Grieg Seafood BC Ltd (GSFBC) farms salmon on the west and east sides of Vancouver Island as well on the Sunshine Coast just north of the city of Vancouver. There are currently a total of 20 marine farm licences and a land based hatchery located in Gold River. Production capacity is estimated at 18,000 tons gutted weight.

GSFBC is committed to operating responsibly and meeting or exceeding all regulatory requirements. Grieg Seafood was the first salmon farming company in North America to be sourcing salmon from farms that were independently audited by the

Best Aquaculture Practices certification program.

GSFBC has also been audited and approved by the Aquarium of the Pacific's 'Seafood for the Future' responsible sourcing program.

The company has good relations with the First Nations population of BC. Read more about community commitment in the Sustainability Report.

BC	2016	2015	2014	2013	2012
Harvest in tons GWE*	10 715	14 311	6 257	6 739	13 576
Sales revenue TNOK	611 223	573 900	277 757	330 700	438 400
EBIT TNOK **	80 526	13 310	-47 810	17 500	-32 200
EBIT / kg GWE	7,5	0,9	-7,6	-1,2	-2,4

\* GWE = Gutted Weight

\*\* EBIT = EBIT before fair value adjustment of biological assets



# OCEAN QUALITY AS



Ocean Quality AS is the Norwegian sales company for Grieg Seafood ASA (60%) and Bremnes Fryseri AS (40%).

The company was established in the fall of 2010 and has its main office in Bergen, Norway. The Ocean Quality Group has established sales companies in Shetland and British Columbia that sell the fish that Grieg Seafood produce in the respective regions.

At year-end 2016 the Group had 46 employees, of whom 34 men and 12 women.

The main strategy of the company is to become the market's preferred supplier of seafood. Ocean Quality carries out its services in accordance with high standards of seafood supply to our customers across the world.

The quality of the products and our customer service emphasizes the following:

- Fresh and healthy products with desirable nutrition content
- Customer requirements, reliability and year-round delivery
- Full traceability and focus on food safety for finished products and raw materials
- Strict quality control and sustainable utilization of raw materials
- Fish health
- Sustainable production



# INVESTOR INFORMATION

Amounts in NOK 1000	2016	2015	2014-12	2011	2010
Dividend paid out	165 618	55 206	0	150 744	27 916
Dividend per share NOK	1,5	0,5	0	1,5	1,35

## Shareholders

As at 31.12.2016, the company had 4 390 shareholders  
See note 17 in the Financial Statement for more information.  
The largest 20 shareholder have 73.51% of total shares.

Numer of shares: 11 662 000  
Holdings of own shares: 1 250 000

## Largest shareholders per 31.12.2016

Grieg Holdings AS  
Folketrygdfondet  
OM Holding AS  
Ystholmen AS  
Morgan Stanley and Co Int. PLC  
State street Bank and Trust Co.  
Verdipapirfondet Pareto Investment  
Artic Funds PLC  
Grieg Seafood ASA  
The Bank of New York mellon SA/NV

## Analysts following the GSF stock

Nordea Markets  
DnB NOR Markets  
Handelsbanken  
Enskilda  
RS Pareto Securities  
Swedbank  
Carnegie ASA  
ABG Sunndal Collier  
Arctic Securities  
Sparebank 1 Markets  
Danske Bank Markets





# BOARD OF DIRECTORS REPORT

## 2016

### GROUP ACTIVITIES AND LOCATION

Grieg Seafood ASA ("the Company") is the parent Company of the Grieg Seafood Group ("the Group"). The Group's business activities relate to production and trading in the sustainable farming of salmon, and in naturally related activities.

The Group is one of the world's largest producers of farmed salmon, delivering an output of nearly 65,000 tons in 2016, in addition to a significant unutilised capacity. The Group has 100 licenses for salmon production and five licenses for smolt production. The Group shall be a leader in the area of aquaculture. The Group's commercial development builds on profitable growth and the sustainable use of natural resources, as well as being a preferred supplier to selected customers.

The Group has operations in Finnmark and Rogaland in Norway, in British Columbia in Canada (BC), and in Shetland/Scotland (UK). The Group owns 60% of the sales company Ocean Quality AS, which keeps offices in Norway, Canada and Shetland (UK). The head office is located to Bergen, Norway.

Grieg Seafood ASA has been listed on the Oslo Stock Exchange since June 2007.

### MAIN FEATURES OF 2016

- 2016 represents the best year in the Group's history.
- Historically strong market with good prices.
- Additional dividend was paid with NOK 1.50 per share.
- Very good solidity and liquidity by year-end.
- All fish harvested by the Group in 2016 is Atlantic salmon. Focus on this single product is an intentional strategy.
- The production in Norway has been strong throughout 2016. In December, an indication of ISA (Infectious Salmon Anaemia) was located in Hammerfest. All fish has been culled in 2017.
- Good revenues from Shetland in 2016, in spite of high mortality caused by algae, sea lice and gill problems.
- Production in BC has been good in the last quarter of 2016, although algae posed a challenge in the first half of the year. The smolt production has been satisfactory in 2016.
- An expansion of the smolt facility in Rogaland was put into action in 2016.

## ACCOUNTS

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

## RESULTS

The Group had a turnover of MNOK 6,545 in 2016, an increase of 42% compared with the previous year. The total harvest was 64,726 tons gutted weight (65,398 tons in 2015), a decrease of 1%. EBIT before fair value adjustment of biological assets was MNOK 1,168, compared to MNOK 48 in 2015. EBIT per kg before fair value adjustment of biological assets was NOK 18 against NOK 0.7 in 2015. The strong profit is a consequence of high salmon prices and substantially improved production, both in sea and smolt facilities. The market salmon prices have been high throughout 2016, in both Europe and the US. The strong salmon prices must be regarded in context with lack of supply growth. A general increase in biological challenges facing the industry, with sea lice as the biggest problem, has complicated production growth in recent years. Finnmark and Rogaland have recorded good production throughout 2016, while algae and low oxygen levels represent problems in Canada in the first half of the year. This has gradually improved in the second half of 2016. Shetland has experienced weak production with high mortality rates due to lice in the second half of 2016. At the beginning of 2016, the GBP was strong, entailing a weaker market position for UK. This prospect has normalised later in 2016, with a weakened GBP.

Feed prices have continued to increase during 2016, in both Europe and UK, while Canada has experienced a decline in prices. The price increases are attributable to the development in raw material prices and a local currency effect in UK. Increased use of special feed varieties also leads to increased feed costs. Feed prices are sensitive to both marine and vegetable commodity prices, which vary with seasonal harvesting and production conditions.

Treatment costs, not least preventive measures against diseases and lice, have increased every year. Cleansing fish has been deployed in Rogaland, Finnmark and Shetland. Investments have been placed into mechanical treatment to combat lice and limit consequences of AGD (Amoebic Gill Disease), which entails persistently high production costs, both in Norway and UK. The preventive measures have been effective and lice treatment could be reduced in Rogaland last year.

EBIT after fair value adjustment of biological assets was MNOK 1,683 against MNOK 81 in 2015. Net financial expenses showed MNOK 135 against MNOK 93 in 2015. Interest expenses were substantially lower in 2016 compared to 2015, due to strong liquidity, and by year-end 2016 credit facilities are unutilised. Increased finance expense is due to losses on current loans in GBP and CAD. The Group had a negative net unrealised loss in 2016 of MNOK -70, against net unrealised gain in 2015 of MNOK 29.

Tax expense for the year was MNOK 339, against net tax income of MNOK 14 in 2015. The effective tax rate of 21.7% for 2016 is due to change in tax rate in Norway and different tax rates between the countries. Effective tax rate for 2015 was 147%, due to high permanent differences. The Group has entered into tax position and MNOK 172 has been provisioned at year-end 2016 (MNOK 24 for 2015) for tax payable.

The Group's profit after tax for 2016 was MNOK 1,222 compared with MNOK 4 in 2015.

## SEGMENT REPORT

### Rogaland

EBIT before fair value adjustment was MNOK 467, corresponding to NOK 25.4/kg. The equivalent in 2015 was MNOK 84 (NOK 5.5/kg). Total harvested volume in 2016 was 18,367 tons, up 21% from 2015. Increased result is caused by higher prices and higher harvesting volume. In the first half of 2016, the production in sea was marked by increasing numbers of lice treatments, which involved missing feeding days in several periods. An underlying increase in treatment and emergency preparation costs to reduce PD (Pancreas disease), AGD and other biological challenges, has contributed to an increased production cost. Rogaland uses wrasse against sea lice, which has proved effective in 2016, and number of treatments have been very low. There are significant costs incurred, but this has yielded positive results in terms of low sea lice levels in the last half of the year, as well as increased production in sea. Production at the hatchery has been satisfactory in 2016.

### Finnmark

EBIT before fair value adjustment was MNOK 447.1, corresponding to NOK 20.2/kg. The equivalent for 2015 was MNOK 124 (NOK 6.4/kg). Total harvested volume in 2016 was 22,104 tons, up 13% from 2015. Finnmark showed a high harvested volume in the last half of the year (63%). Due to lice challenges in the Øksfjorden in 2015, it was decided to follow the whole area. The fish in Øksfjorden was harvested in Q2 2016, with a low margin due to high treatment costs. The harvesting plant was closed down for the last part of Q2 and first part of Q3, during a period of very high salmon prices. As a consequence, Finnmark achieved lower realised prices in Q2 and Q3 due to harvesting period in relation to price development.

Increasing resistance of lice against medical treatment is a challenge in Finnmark. Hence, the company has secured mechanical treatment capacity, which was implemented from the third quarter. Both treatment costs and the costs of prevention increase and will lead to a higher production cost. In December, ISA was detected at a location in Hammerfest. All fish were down-harvested in the beginning of 2017. A following impairment has been expensed through operation. Production in the sea has otherwise been good throughout the year, if one disregards the ISA and a few localities with IPN (Infectious Pancreatic Necrosis). In 2014, Finnmark was awarded four green licenses, which are in the process of implementation. In this region, an increasing number of smolts is released. Production in the hatchery is good.

### BC

EBIT before fair value adjustment of biological assets was MNOK 81, corresponding to NOK 7.5/kg, against MNOK 13 (NOK 0.9/kg) in 2015. The improved positive result is due to higher prices in 2016, and lower costs on harvested fish. The American segment has been weaker than the Norwegian segment, although better than in 2015. Total harvested volume in 2016 was 10,716 tons, against 14,311 tons in 2015, corresponding to a reduction of 25%. BC has experienced challenges by algae in Q2 and Q3, which lead to reduced feeding and growth in these periods. High mortality in Q3 due to algae and low oxygen levels has incurred impairments, which are included in operating costs. Investments are deployed in order to reduce risk of future biological divergences, due to low oxygen levels.

The management is not satisfied with the development in BC and continuously evaluates how improvements can be implemented. It is an advantage to keep production in the proximity of the US market. Ring cages are approved at one location in BC, and further endeavors are carried out to attain permission for more localities. Algae has damaged the quality of the fish, thereby reducing realised prices in 2016. 2016 is the first year in BC region exclusively with Atlantic salmon.

The smolt production started with Furunculosis in Q1. This entailed an impairment, recognised as operating cost. Smolt production since Q1 has been very satisfactory throughout 2016.

In 2014, agreements for external delivery of smolt were put into practice, in order to ensure sufficient backup of smolt to avoid negative production impacts from new incidents of disease at the hatchery in 2015. This generates higher costs than normal related to smolt. As a result of the smolt delivery backup-system, Grieg Seafood has released the projected number of smolts in 2016.

## Shetland

In Shetland the EBIT before fair value adjustment was MNOK 176, corresponding to NOK 13/kg. The equivalent for 2015 was MNOK -165 (NOK -10.1/kg). Included in the 2015 result is an impairment of the smokehouse and filleting plant at MNOK 46. Total harvested volume in 2016 was 13,541 tons, against 16,370 tons in 2015. Reduction of the harvesting volume by 2,829 tons from 2015 is due to high mortality caused by lice and algae. Shetland has experienced challenges by algae, AGD and lice during the year, which has entailed reduced production and a high mortality rate. Impairments have been recognised through operating costs. High output prices on harvested fish have been the most significant factor for weak results.

Shetland has achieved somewhat lower prices due to a strong GBP at the beginning of 2016. This changed along the weakening of the GBP. The main grounds for the improved result in 2016, are good prices.

In 2015, a decision was made to change the production cycle from 24 to 18 months. The purpose is to improve utilisation of the good locations. Implementation is progressing as planned. Efforts are maintained to keep lice at the lowest possible levels, as lice remains to be a challenge. To keep lice at an acceptable level has incurred high treatment costs. Cleansing fish and temperate water (mechanical de-lousing) have been deployed against resistant lice. Measures are underway to reduce the biological risk connected with algae. Observation and analyses of the algae situation is critical in this respect. The hatchery was completed in 2015 and the production of smolt went according to plans throughout 2016.

## SALES: OCEAN QUALITY

All fish from each segment is sold by Ocean Quality Group (OQ). All revenue is accounted for at the producers and presented as part of EBIT per segment. OQ handles marketing and sales distribution for Grieg Seafood Group. OQ also handles sales for Bremnes Fryseri AS, including both fresh fish, processed and frozen salmon, except for the brand Salma. OQ is owned by Grieg Seafood ASA (60%) and Bremnes Fryseri AS (40%). The company is established in Shetland, Canada and Norway. The establishing of the company both in UK and Canada has yielded synergies in terms of sale of various origins of salmon in different markets. The salmon market was very strong in 2016. Throughout six years, OQ has established good customer relations, allowing them to exploit the market and return high

margins to the producers in 2016. In a high price market, even brands like Skuna Bay, Kvitsøy and Bømlo achieved higher volume and margin compared to previous years. OQ sells to Asia, Europe, US and Canada. The total sales volume in 2016 is 98 323 tons. See Note 6 for further information.

## RESEARCH AND DEVELOPMENT

Grieg Seafood makes provisions and utilises funds for research and development every year. This relates to various activities ranging from active participation in steering committees in national research projects to local test and trial projects in the regions. The focus of these activities was sharpened through a review of the company's R&D strategy, carried out June 2016. The focus should be operational and supporting projects in order to detect solutions to biological and technical challenges in short and/or long term, which in turn contributes to streamline daily operations in our farms. Group is working on many different projects, ranging from improving fish health and welfare, efficient operation of large units, feeding control and optimisation of young fish production in large recycling plants. In 2016, the Group initiated its hitherto largest R&D project, by assembling and submitting an application to the government for 10 development licenses, intended to make an operating plan for fish farming in the open sea. The project's cost estimate is MNOK 270 over 8 years.

## BALANCE SHEET

The Group had total recorded assets of MNOK 6,770 as at 31 December 2016, against MNOK 5,940 at year-end 2015. Of this, goodwill accounted for MNOK 109 and licenses MNOK 1,061. Investments in tangible fixed assets relate mainly to maintenance investments and implementation of green licenses in Finnmark. Fair value adjustment of biological assets was positive due to expected future sales prices that will exceed the accrued production costs.

Group equity at 31 December 2016 stood at MNOK 3,207, against MNOK 2,238 at year-end 2015. The equity ratio at year-end 2016 was 47%, up from 38% in 2015.

## FINANCE AND FUNDING

The Group's net interest-bearing debt including Ocean Quality Group is MNOK 1,400 at year-end 2016. This includes factoring liabilities of MNOK 503. The equivalent for 2015 was MNOK 1,907, of which factoring debt was MNOK 338. This equals a reduction of MNOK 507. Net interest-bearing debt according to loan covenants is MNOK MNOK 906 (MNOK 1,569). The bank syndicate consists of Nordea and DNB. The syndicated loan comprises a total frame of MNOK 1,910. The revolving credit has not been utilised at year-end. The term loan has been repaid with MNOK 90 in 2016. The Group mainly uses finance leasing by investing in new feeding barges and other operational equipment. Through the agreement with the bank syndicate, the Group has a leasing facility of MNOK 350. As at 31 December 2016, the leasing liabilities amount to MNOK 318. According to covenants, equity is calculated exclusive of Ocean Quality. The equity thus stands at 52% (41%). All covenants are met.





## CASH FLOW

The net cash flow from operations was increased with MNOK 583 to MNOK 953 in 2016, up from MNOK 370 in 2015. The increase in working capital is related to improved operations compared with the previous year. Net cash flow from investment activities in 2016 was MNOK -200, against MNOK -317 in 2015. Investment payments related to fixed assets amounted to MNOK 248. The equivalent for 2015 was MNOK 264. Net cash flow from financing was MNOK -645 against MNOK 158 in 2015. There has been a net repayment on credit facilities and term loan as mentioned under financing. This implies a negative cash flow from financing in 2016, compared to 2015. Increased factoring liabilities from 2015 contribute to a small increase in financing. For 2016 there was a net change in cash and cash equivalents of MNOK 109. As at 31 December 2016 the disposable cash balance was MNOK 504.

## GRIEG SEAFOOD ASA

The parent company's financial statement is prepared according to Norwegian accounting principles (NNGAP). The parent company recorded an operating income of MNOK -52 (MNOK -19). Weaker operating income is caused by exercise of options in course of 2016 compared to 2015, as well as higher operating expenses. The company gives loans to subsidiaries in foreign currency, which has incurred losses of net MNOK 157 against gains of MNOK 77 in 2015. This is caused by a strengthening of NOK against GBP during 2016. In 2016, contribution from subsidiaries of MNOK 725 (MNOK 39) has been recognised, which contributes to the positive financial result. Interest expenses have been reduced compared to 2015, due to positive liquidity and unutilised credit facility, which implied a low margin. In 2015, the company was granted a waiver of the covenants, and thus increased margin. In 2016, the company has a

very good liquidity, and the interest expenses have decreased substantially due to reduced margin.

In 2016, the company has paid dividends totalling MNOK 165, pertaining to the 2015 statement. The equity ratio by year-end is 35%.

The parent company's net cash flow from operations in 2016 was MNOK -176, against MNOK 105 in 2015. The cash flow from investing activities was MNOK 467 (MNOK 3). Net cash flow from financing activities was MNOK -123 (MNOK 10). In 2016, the term loan and credit facilities debt have been partially repaid. There was a net change in cash and cash equivalents of MNOK 168.

As at 31 December 2016 the disposable cash balance was MNOK 383.

## Accounting results and allocations - Grieg Seafood ASA

The aim of the Group is to offer a competitive return on invested capital to the shareholders through distribution of dividend and growth of share price.

The Group's strategy for dividend is that the annual dividend over several years should correspond to around 25-35% of the Group's profit after tax and adjusted for accounting effect of biomass adjustments. In 2016, an additional dividend of NOK 1.50 per share was paid, based on the 2015 statement. The Board of directors will recommend the General Meeting to adopt a dividend of NOK 3.- per share.

The parent company, Grieg Seafood ASA, recorded a profit for 2016 of MNOK 388, which the Board proposes to the General Assembly to dispense as follows:

Provision for dividends	MNOK 331
Transfer to retained equity	MNOK 57
<b>Total dispensed</b>	<b>MNOK 388</b>

## GOING CONCERN ASSUMPTION

Forecasting is carried out, showing a positive and good cash flow based on conservative salmon price assumptions. The supply growth of salmon is expected to be small in the coming years. Accordingly, a strong market is likely in the nearest future. This is a trend in Europe, Asia and the United States which is expected to contribute to a positive cash flow. It is a target to increase smolt size. This will bring down the future biological risk. During 2017, Shetland will complete the transition from 24 to 18 months production cycle. Efforts are being made in BC to improve monitoring of algae and low oxygen levels, and to deploy actions in a timely manner. In Rogaland, the expansion of the smolt facility will be complete during Q3 2017. This will more than double the production capacity of this plant. A similar expansion of the smolt facility in Finnmark is under planning, which will be completed in 2018.

Strong cash flow in 2016 has provided a good starting point in order to service debt established in accordance with the Group's financing agreements. At year-end, the Group has sufficient funding to carry out its plans.

It is the view of the Board that the financial statements give a true and fair presentation of the Group's assets and liabilities, financial position and financial results. Based on the above account of the Group's results and position, and in accordance with the Norwegian Accounting Act, the Board confirms that the annual financial statements have been prepared on a going concern basis, and that the requirements for so doing are met.

## RISK AND RISK MANAGEMENT

The Group is exposed to risks in a number of areas, such as biological production, changes in salmon prices, the risk of political trade barriers, as well as financial risks such as changes in interest and exchange rates and liquidity.

The Group's internal control and risk exposure are subject to continuous observation and improvement, and the task to reduce risk in different areas has a high priority.

The management has set parameters for managing and eliminating most of the risks that could prevent the company from achieving its goals. For further information, we refer to the Principles of corporate governance for Grieg Seafood ASA.

### Financial risk

The Group operates within an industry characterised by great volatility which entails greater financial risk. 2016 has provided a good financial market for the aquaculture industry, still with more liquidity available in the market. Requirements towards the borrower are still high, due to stringer requirements on lending practiced by financial institutions. Financial and contractual hedging as is a matter of constant consideration, in combination with operational measures. The management

draws up rolling liquidity forecasts extending over five years. These forecasts incorporate conservative assumptions for salmon prices, and this applies as basis for calculating the liquidity need. This forecast forms the basis of the need for financial parameters. With the financing of the Group at year-end, the level of this risk is considered to be very satisfactory. At year-end, the Group had an unutilised credit facility of MNOK 700. The Group's financial position is very good at year-end 2016.

The long-term financing agreement includes a revolving credit facility totaling MNOK 700. It is flexible, as it can be drawn down within 1 month or a longer period, depending on the Group's need for liquidity. The following sections provide further information about the individual risk areas.

### Currency risk

In converting the operating income and balance of foreign subsidiaries, the Group's greatest exposure is to CAD and GBP. The main strategy is to reduce the currency risk by funding the business in the local currencies. All long-term loans from the parent company to subsidiaries are in the local currency. Such loans are regarded as a net investment, as the loans are not repayable to the parent company. The subsidiaries will always require long-term funding. The currency effect of the net investment is incorporated in the consolidated statement of comprehensive income (OCI) for the Group.

Income for the Norwegian operation is denominated in NOK, and the translation risk is transferred to the sales company. The case is similar for Shetland and BC. BC sells in CAD to the sales company, which in turn hedges against currency volatility in relation to CAD/USD. The Norwegian sales company likewise hedges against currency volatility in relation to EUR/NOK, USD/NOK and other currency in demand. At year-end, contracts are concluded until Q1 2018. Long-term foreign currency contracts are hedging instruments, where unrealised agio/disagio is recognised through comprehensive income (OCI) in the statement. The currency situation is continuously assessed against the volatility of the currencies. The remaining net exposure is frequently monitored. For further information, refer to Note 3.

### Interest rate risk

The Group is exposed to interest rate risk through its loan activities. The Group is exposed to varying interest rate levels in connection with financing of its activities in all regions.

Most of the Group's existing loans are based on floating rates, but separate fixed rate contracts have been entered into in order to reduce the interest rate risk. It is the Group's policy to have a certain percentage of its interest-bearing debt hedged through interest rate swap agreements. A given proportion shall be at a floating rate, while consideration will be given to entering and exiting hedge contracts for the remainder. The interest rate swap agreement changes in relation to 3 months Nibor.

### Liquidity risk

The Group's equity ratio increased from 42% at year-end 2015 to 47% at year-end 2016. Interest-bearing debt has decreased due to strong cash flow throughout 2016, and no drawdown of the credit facility. Ocean Quality has concluded agreements with factoring companies for Norway and UK, implying transfer of credit insured receivables to factoring company. This ensures the companies an early settlement of account receivables. This is a financial arrangement, as the factoring company does not acquire the substantial credit risk. The management monitors

the Group's liquidity reserve which comprises a loan facility and bank deposits, as well as cash equivalents based on expected cash flows. This is carried out at Group level in collaboration with the operating companies. The management and Board seek to maintain a high equity ratio in order to be well equipped to meet financial and operational challenges. Considering the dynamic nature of the industry, the Group aims to maintain flexibility of funding.

## Operating risk

It is critical to manage the operating risk. Book value of live fish in the balance sheet at year-end was MNOK 2,500. Operating risk was adequately managed throughout 2016, but there is still focus on training of staff and on proper internal guidelines to reduce operating risk. There have been challenges by algae in Shetland and BC. Measures are being carried out to improve the biological situation in these two regions. One important issue is observation of algae with regard to timing of feeding as a precondition for algae blooming. In Shetland, the transition to 18 months production cycle is one of the measures taken. In BC, there is also a focus on correct oxygen concentration, and new oxygen equipment is acquired to suit all localities.

There is an ongoing shift from medical to mechanical treatment of lice, because the lice develop resistance. Cleansing fish is another important remedy against lice, which has proven effective in Rogaland. The Group has adopted a policy of zero tolerance for escapes. In 2016, there were three cases of escapes. In 2015 there were no cases. Action is taken to bring this number down to zero. The Group has production of Atlantic salmon as its main product, in order to reduce the risk.

In 2016, new regional directors have been appointed in Shetland and BC. In Shetland, former regional production manager Grant Cumming, has taken over as leader. In BC, former production manager Rocky Boschman has assumed the position of regional director.

For further information about financial risks (currency, interest rate, credit and liquidity), refer to Note 3 to the consolidated financial statements.

## SUSTAINABILITY REPORT

The Group's main cost drivers, risks and opportunities are increasingly connected with managing our impact on the environment, our personnel and the local communities where we operate. Systematic efforts to secure a balanced sustainability are therefore fundamental in order to facilitate a long-term profitable growth. These efforts are increasingly material for the industry's viability. The Group has in 2013 conducted an assessment in order to accentuate priority areas for sustainability, an assessment which has been further followed up in 2016. Our priorities will ensure that our efforts respond to our main stakeholders' expectations of us, as well as being resource efficient in terms of our strategy and long-term value creation. The priorities also take into account our long-term obligations through Global Salmon Initiative (GSI). A comprehensive statement of the Group's approach, efforts, results and ambitions towards sustainability priorities is available in the Sustainability report. The Group's sustainability priorities treated in the report are divided into the following main areas; External environment, working environment, and social relations. Within external environment fish health, sea lice, and escape are focus areas. In the domain of the soft factors, HSE and working environment are priorities. Social relations are divided into three main areas: quality and food safety, the ripple effect in communities, and anti-corruption. Starting from 2016,

the sustainability report has been revised on basis of the GSI handbook in compliance with the standard ISAE 3000. Further information can be obtained from the report.

## EMPLOYEES

Of the Group's 664 employees at year-end 2016, 385 work in Norway, 169 in Shetland and 110 in Canada. The Board wishes to thank the employees for good work in the past year.

The Group has a majority of male managers and employees. In total, 533 men and 131 women are hired in the Group. The employee policy is to take the steps necessary to retain and attract qualified personnel of both genders.

Grieg Seafood's position as an international company is also reflected in the fact that in total, 130 employees work in a country different than their country of origin. The Group accepts no kind of discrimination related to gender, religion, cultural or ethnic background, disability, or in any other way. Our aim is to conduct our activities on the basis of equality and respect. In terms of human rights and equal treatment, we are not exposed to significant risk. A focused effort is made to secure equal treatment and to avoid discrimination.

In 2016, the incidence of short-term sick leave within the Group was 1.96% while the figure for long-term sick leave was 1.70%. For further information, refer to the Sustainability report, in the section about employee health, safety and working environment.

All management of human resources is managed locally according to local rules and instructions, and in accordance with Group guidelines. The working environment in the Group is considered satisfactory, at the same time as we work actively to reduce sick leave and injury. As from May 2016, an HR director has been appointed, with a special responsibility to strengthen global routines and guidelines for HR and HSE in the Group.

## Grieg Seafood ASA

At year end the parent company had 21 employees in its main office in Bergen, of which five men and two women in senior positions. Short-term sick leave in the parent company was 0.3%, while long-term sick leave was 0.0%. No injuries/accidents were registered in the Company in 2016. The Company does not pollute the external environment.

## POST-BALANCE SHEET DEVELOPMENT

At the beginning of 2017 the prices were somewhat sinking, although from a high level. At the end of Q1 2017, prices have stabilised around NOK 60 for deliveries to Oslo, which is a good level. NOK remains weak. In total, this provides the basis for good earning in the nearest future.

The biological situation has been stable at the start of 2017. ILA was detected at a location in Finnmark in December, and all fish was destroyed in the beginning of 2017 by order of the Norwegian Food Safety Authority. The incident has been relayed to the market. The harvested volume in Q1 2017 will be low. This is to position as much biomass as possible before the important growth season this summer. Low harvest volumes will lead to high costs measured per kg. Because of continued harvesting from weak sites with 24 months production cycle,



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UK also represents high costs at the beginning of 2017. When harvesting commences in the new 18 months production cycle, expenses will drop. This will be the case as from Q2 2017. BC also has high prices at the start of 2017, as a consequence of fish affected by algae in 2016. A reduction of costs is expected for BC as well, in course of the year.

## OUTLOOK

The fish farming industry is very volatile and it will always be considerable uncertainty when projecting for future conditions. There has been, though, a steady increase of demand for salmon during recent years. This is expected to continue in the future. China represents a market demanding more salmon every year. This country has a growing middle class requesting high quality food. Therein resides a great potential for salmon. The Russian market also represents huge opportunities. At present, it is closed, but it would be positive for demand if this market were to open again. Additionally, at the backdrop of low supply growth, the forecast is good prices in the time to come.

Norway has introduced a new system of regulations for future growth, referred to as the «traffic light system». The Norwegian coastal territory has been divided into 13 new production areas. The limit of expansion is 6%, depending on environmental sustainability in the respective area. The impact of sea lice on wild salmon is defined as one of the environmental indicators. Based on the indicators, a production area will be evaluated as acceptable, moderate or unacceptable.

The Group has applied for 10 development licenses in Rogaland, intended for fish farming in the open sea, including plans for technology transfer from the oil industry. The project is a close cooperation between technology suppliers from both the aquaculture and oil industries.

The Group expects a total harvested volume of 70,000 tons in 2017, according to defined production plans. The plans represent a growth of 8% from 2016. The group aims to grow 10% per year in the period 2017-2020. The group has attained new locations, and together with larger smolts, it is foreseeable to utilise better the existing and new licenses. Furthermore, it is a goal to reduce costs to an average industry level, or less.

## STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We hereby confirm that the financial statements for the period from 1 January to 31 December 2016 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the Group and of the Group's assets, liabilities, financial position and overall results. We also confirm that the Directors' Report gives a true and fair view of the development and performance of the business and the position of the Company and the Group, as well as a description of the principal risks and uncertainties facing the Company and the Group.

Bergen, 3 April 2017  
The Board of Directors in Grieg Seafood ASA

**Translated version. Not to be signed**



# PRINCIPLES OF CORPORATE GOVERNANCE

Adopted by the Company's Board of Directors on 20 April 2007 and updated on 22 January 2010, 4 April 2011, 22 March 2012, 22 March 2013, 1 April 2014, 23 March 2015, 6 April 2016, and 3 April 2017.

## 1. INTRODUCTION

### 1.1 Presentation of Corporate Governance

The responsibility for ensuring that the company has good corporate governance rests with the Board. The board and management review and annually evaluates the company's principles for corporate governance.

The Group's Corporate Governance is based on the Norwegian Code of Practice for Corporate Governance (NUES) as recommended by the Norwegian Corporate Governance Board on 30 October 2014. The Grieg Seafood Group follows the current recommendation from NUES, and has updated existing rules and defined values in accordance with changes in NUES 2014.

The company complies with these recommendations according to the follow or explain principle. This means that the company should explain all points where the recommendations are not followed.

The Annual Report offers a full report on the company's principles for corporate governance, which is available on [www.griegseafood.com](http://www.griegseafood.com).

## 2. OPERATIONS

### 2.1 Grieg Seafood ASA

The Company is the parent company of a group where companies of this Group are engaged in the production and sale of seafood and naturally related activities.

The object of the Company is to engage in the production and sale of seafood and naturally related activities, including investment in companies engaged in the production and sale of seafood and other activities naturally related to similar companies.

The Company is established and registered in Norway and is required to comply with Norwegian law, including laws and regulations pertaining to companies and securities.

### 2.2 Grieg Seafood ASA's vision and overall objectives

The Group aims to comply with all relevant laws and regulations and with the Norwegian Code of Practice for Corporate Governance. This also applies to all companies which are controlled by the Group. In as far as it goes, this document of principle therefore applies to all companies of the Group.

The Group's core values are to be open, respectful and ambitious.

The Group shall be managed applying the following principles:

- We shall be open and honest.
- We shall become better day by day.
- We do what we say.
- We are positive and enthusiastic.
- We care.

The Group is committed to the sustainable use of natural resources and the development of the organisation based on high ethical standards. Targets and detailed plans have been adopted for the implementation of initiatives in these areas.

The fish farmer has overall responsibility for the wellbeing of the fish and for ensuring that at all times the fish can be kept in their natural surroundings under optimal conditions. The Group selects locations where the water is as deep as possible and with good currents.

The Group has drawn up a designated health plan which stipulates how all production operations are to be performed. The fish shall be systematically examined by a veterinarian. The Group attaches great importance to preventive measures and a rapid reaction in the event of disease or pollution. This is important not only to protect the environment and fish health, but also to safeguard the quality and profitability of production. The work shall be performed in accordance with the Group's designated health plan. Measures have been implemented to prevent the escape of farmed fish. The Group has zero tolerance for escapes. The objective is to conduct operations that do not cause any lasting damage to the environment.

As a user of natural resources such as clean water and feed from wild fish, the Group has a responsibility which extends beyond its own operations. The Group requires its feed suppliers to ensure that the feed is based on sustainable supplies of raw materials.

Starting with 2013, an own sustainability report has been prepared, pointing out ten areas defining Grieg Seafood's highest priorities for sustainability and social responsibility. The priorities were conducted according to guidelines developed by GSI (Global Salmon Initiative). GSI has developed sector specific measurement indicators which Grieg Seafood utilises. As from 2015, Grieg Seafood has taken on the responsibility as Co-Chair in GSI.

## 2.3 Management of the Group

Control and management of the Group is divided between the shareholders, represented through the General Meeting, the Board of Directors and the Group CEO, and is exercised in accordance with prevailing company legislation.

Divergences from this Code of Practice: None.

## 3. GROUP EQUITY AND DIVIDEND POLICY

### 3.1 Equity

At any given time the Group shall have a level of equity which is appropriate in relation to the Group's cyclical activities. The Board requires that equity consistently stay in accordance with current loan terms, as a minimum.

### 3.2 Dividend

The Group's objective is to give the shareholders a competitive return on invested capital through dividend payments and value appreciation of the share, which is at least at the same level as other companies with comparable risk. The future dividend will depend on the Group's future earnings, financial situation and cash flow. The Board believes that the dividend paid should develop in pace with the growth of the Group's profits, while at the same time ensuring that equity is at a healthy and optimal level and that there are adequate financial resources to prepare the way for future growth and investment, and taking into account the wish to minimise capital costs. The Board believes it is natural that the average dividend, over a period of several years, should correspond to 25-35% pre-tax profit, adjusted for the accounting effect of fair value adjustment of biological assets.

Furthermore, it is reasonable that the company's net interest-bearing debt per harvested kg is between NOK 15 and 20. Based on this, the size of the dividend could be corrected both up and down according to the 25 - 35 % share of profit after tax.

### 3.3 Board authorisation

The Board will request the AGM to grant a general mandate to pay out dividends in the period until the next AGM. The Board's proposal must be justified. The dividend will be based on the Group's current policy in accordance with clause 3.2. Dividends should be awarded on the basis of the latest financial statements approved within the scope of the Public Companies Act. Upon granted authorisation, the Board determines from which date the shares are traded ex-dividend.

The Board has general authorisation to increase the Company's share capital through share subscription for a total amount not exceeding NOK 44 664 800 divided into not more than 11 166 200 shares of nominal value NOK 4 each.

This authorisation remains in effect until 30 June 2017 as approved by the Annual General Meeting (AGM) on 14 June 2016.

The Board has general authorisation to acquire the Company's own shares in accordance with the provisions of chapter 9 of the Norwegian Public Limited Companies Act for an aggregate nominal amount not exceeding NOK 44 664 800. The Company shall pay not less than NOK 4 per share and not more than NOK 100 per share when acquiring its own shares.



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This authorisation remains in effect until the next AGM, but not later than 30. June 2017. The Company will observe the Code of Practice in respect of new proposals to authorise the Board to implement capital increases and acquire the Company's own shares. The Board aims at a request for prolongation of these authorisations on the AGM on 7 June 2017.

Divergences from the Code of Practice: None.

## 4. EQUAL TREATMENT OF SHAREHOLDERS. TRANSACTIONS WITH RELATED PARTIES

### 4.1 Share class

The Company has only one class of shares, and all shares carry the same rights. At 31 December 2016 the Company had 111 662 000 outstanding shares.

### 4.2 Own shares

If the Company trades in its own shares, the Code of Practice shall be observed.

As at 31 December 2016, the Company owned 1 250 000 of its own shares.

### 4.3 Approval of agreements with shareholders and other related parties

All transactions of no lesser significance between the Company and a shareholder, Board member or a senior employee (or their related parties) shall be subject to a value assessment by an independent third party. If the consideration exceeds one twentieth of the Company's share capital, transactions of this kind shall be approved by the General Meeting, in so far as this is required under Section 3-8 of the Norwegian Public Limited Companies Act.

Board members and senior employees shall inform the Board if they have any significant interest in a transaction to which the Company is a party. For further information, please refer to Note 22 «Related parties» in the GSF Group annual report.

Divergences from the Code of Practice: None.

### 4.4 Capital increases

In the event of a waiver of the shareholders' preferential subscription right, the Code of Practice shall be observed.

## 5. NEGOTIABILITY OF THE SHARES

The Company's shares shall be freely negotiable.

Divergences from the Code of Practice: None.

## 6. GENERAL MEETING

The shareholders represent the Company's highest decision-making body through the General Meeting.

The Company's AGM shall be held each year before the end of June. The AGM shall consider and, if thought fit, adopt the annual financial statements, the annual report and the dividend, as well as deciding on other matters which under current laws and regulations pertain to the AGM.

The Board may convene an Extraordinary General Meeting (EGM) at whatever time it deems necessary or when such a meeting is required under current laws or regulations. The Company's auditor and any shareholder or group of shareholders representing more than 5% of the Company's share capital may require the Board to convene an EGM.

The Board calls General Meetings at least 21 days before the date of the meeting. During the same period, the notice of meeting and the documents pertaining to matters to be considered at the General Meeting shall be accessible on the Company's homepage. The same applies to the nomination committee's recommendation. When documents are made available in this manner the statutory requirements for distribution to shareholders do not apply. Still, a shareholder may claim to receive documents concerning matters to be considered at the General Meeting.

The deadline to register for the general meeting is set by the Board in the notice. Shareholders who are unable to attend may vote by proxy. An authorisation form containing a vote option for each issue will be enclosed with the notice of meeting, and it will also be possible to give authorisation to the chairman of the Board or the Group CEO.

The Company will publish the Minutes of the General Meetings in accordance with the stock exchange regulations in addition to making them available for inspection at the Company's registered offices.

The Board, the Nomination Committee and the auditor will be represented at the meeting, and the Chairman will normally preside at the meeting.

The Board shall not make contact with the Company's shareholders outside the General Meeting in a manner which could be deemed to constitute differential treatment of shareholders or which could be in conflict with current laws or regulations.

The nomination committee proposes Board candidates to the Annual General Meeting.

Divergences from the Code of Practice: None.

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## 7. NOMINATION COMMITTEE

On 13 February 2009 the AGM approved a resolution to establish a nomination committee. This is described in article 8 of the Article of Association. At the same time, the AGM adopted instructions for the nomination committee. According to the instructions, the election committee through its work should take care of the interests currently embodied in the Norwegian Code of Practice for Corporate Governance.

The present nomination committee was elected at the AGM on 14 June 2016 and comprises Marianne Johnsen (chair), Helge Nielsen and Tone Østensen, of whose Marianne Johnsen is candidate for election in 2017. At least 2/3 of the members of the nominating committee shall be independent of the Board and may not be members of the Board. The Group CEO cannot be a member of the nomination committee. The nomination committee shall have meetings with the directors, Group CEO and relevant shareholders.

Details about the nomination committee members are available on the Company's website.

The nomination committee's recommendation to the General Assembly should be submitted in good time and follow the summons to the General Assembly, no later than 21 days before the meeting. The recommendation of the nomination committee must include information about the candidate's impartiality, competence, age, education and professional experience. Upon proposal for re-election, the recommendation should include additional information about how long the candidate has been a board member, as well as details about participation in the board meetings.

When the recommendation comprises candidates to the nomination committee, it should include relevant information about these candidates.

The Company does not diverge from the Code of Practice.

## 8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS, COMPOSITION

### 8.1 Number of Board members

The Company has no corporate assembly. Under the Articles of Association the Board shall have up to seven members.

### 8.2 Election period

Board members are elected by the AGM for a period of two years.

### 8.3 Independent Board members

The Board members are presented in the Annual Report

and on the Company's homepage, showing the Board members' competence, relationship to main shareholders, and a description of Board members who are deemed to be independent. No overview of participation at Board meetings is included in the Annual Report. An overview of the Board members' ownership of shares in the Company appears in the relevant note to the accounts in the Annual Report. The Company has no corporate assembly. The Company does not otherwise diverge from the Code of Practice.

There is compliance with the required number of independent Board members contained in the Code of Practice.

## 9. BOARD OF DIRECTORS

### 9.1 Duties and work plan

The Board has overall responsibility for the management of the Group and for overseeing the daily management and business activities. The Company shall be managed by an effective Board of Directors (the Board) who has shared responsibility for the success of the Company. The Board represents and is accountable to the Company's shareholders.

Each year the Board shall draw up a work plan for its activities.

The Board's duties include drawing up the Group's strategy and ensuring that the adopted strategy is implemented, effective supervision of the Group CEO, control and supervision of the Group's financial situation, internal control and the Company's responsibility to and communication with the shareholders.

The Board shall initiate any investigations it considers necessary at any given time to perform its duties. The Board shall also initiate such investigation that is requested by one or more Board members.

Divergences from the Code of Practice: None.

### 9.2 Instructions

The Board has drawn up instructions for its members and the Management, which contain a more detailed description of the Board's duties, meetings, the Group CEO's duties in relation to the Board, the meeting schedule for the Board, participation, separate entries in the Minutes and duty of confidentiality.

The respective roles of the Board and the Group CEO are separate, and there is a clear division of responsibility between the two. Separate instructions have been drawn up for the Group CEO. He is responsible for the Company's senior employees. The Board underlines that special care must be exercised in matters relating to financial reporting and remuneration to senior employees.

In matters of importance where the chairman of the Board is or has been actively involved, Board discussions shall be chaired by the vice chairman.

The instructions for the Board and Management were last

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revised by the Board on 4 April 2011.

### 9.3 Annual assessment

Each year, in connection with the first Board meeting in the calendar year, the Board shall carry out an assessment of its work in the previous year.

### 9.4 Audit Committee

The Board has set up a sub-committee (audit committee) comprising a minimum of two and a maximum of three members elected from among the Board's members, and has drawn up a mandate for its work.

The committee assists the Board in the work of exercising its supervisory responsibility by monitoring and controlling the financial reporting process, systems for internal control and financial risk management, external audits and procedures for ensuring that the Company complies with laws and statutory provisions, and with the Company's own guidelines.

### 9.5 Remuneration Committee

The Board has set up a sub-committee (remuneration committee) comprising no less than three members. The committee shall hold discussions with the Group CEO concerning his/her financial terms of employment. The committee shall submit a recommendation to the Board concerning all matters relating to the Group CEO's financial terms of employment.

The committee shall also keep itself updated on and propose guidelines for the determination of remuneration to senior employees in the Group. The committee is also the advisory body for the group managing director in relation to remuneration schemes which cover all employees to a significant extent, including the Group's bonus system and pension scheme. Matters of an unusual nature relating to personnel policy or matters considered to entail an especially great or additional risk, should be put before the committee.

The composition of the committee is subject to assessment each year.

Divergences from the Code of Practice: None.

## 10. INTERNAL CONTROL AND RISK MANAGEMENT

The Board has a responsibility to ensure that the company has proper risk management and internal control adaptable to statutory provisions for the company. The Board conducts an annual evaluation of the most important risk areas and internal control.

Internal control means activities carried out by the Group to organise its business activities and procedures in order to safeguard its own values and those of its customers, and to realise adopted goals through appropriate operations. The

achievement of these goals also requires systematic strategy work and planning, identification of risk, choice of risk profile, as well as establishing and implementing control measures to ensure that the goals are achieved.

The Group's core values, external guidelines and social corporate responsibility constitute the external outer framework of internal control. The Group is decentralised and considerable responsibility and authority are therefore delegated to the regional operating units. Risk management and internal control are designed to take account of this.

Internal control is an on-going process that is initiated, implemented and monitored by the Company's Board of Directors, management and other employees. Internal control is designed to provide reasonable assurance that the Company's goals will be achieved in the following areas:

- Targeted, efficient and appropriate operations.
- Reliable internal and external reporting.
- Compliance with laws and regulations, including internal guidelines.

The audit committee updates the Board after each meeting.

Each year the auditor carries out a review of internal control which is an element of financial reporting. The auditor's review is submitted to the audit committee.

The Company has established framework procedures to manage and eliminate most of the risk that could prevent a goal from being achieved. This includes a description of the Company's risk management policy as well as all financial control processes. There is on-going risk assessment of the main transaction processes. Descriptions of the transaction processes are currently in preparation for each region, with the aim of clarifying key controls and ensuring that these controls are in place. This means assessing all processes to determine the probability of divergences arising, and how serious the economic consequences would be of any such divergence. The establishment of controls in each region is aimed at reducing the likelihood of divergences arising with major economic consequences.

The biological development in course of producing smolt and farming in the sea poses the greatest risk in the group. The Group therefore continuously and systematically works to develop processes that ensure animal welfare and reduce diseases and mortality, and so that "best practices" are being implemented at all levels. Control routines have been prepared, including conditions for the employees as well as safeguarding against escapes, animal welfare, pollution, water resources and food safety. Referring to the sustainability report prepared annually, objectives, internal controls and measures are described within the company's main focus areas.

The Group's activities entail various kinds of financial risk: Market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management plan focuses on the unpredictability of the capital markets and seeks to minimise the potential



negative effects on the Group's financial results. To some extent, the Group uses financial derivatives to hedge against some risks. Risk management is drawn up at Group level and involves identifying, evaluating and hedging financial risk in close cooperation with the Group's operational units. The Board has established written principles for risk management related to foreign exchange and interest rate risk, price risk, and the use of financial instruments.

The Board has established procedures for reporting within the Group:

- At the start of each year the Board adopts a budget for the year. Divergences from the budget are reported on a monthly basis.
- Forecasts are drawn up for the next five years and they are updated every month.
- Every month, each region submits a report containing given Key Performance Indicators (KPI). The main KPIs are: EBIT/kg, feed factor, production, production cost, harvest volume, harvest cost and level of sea lice. Analyses are made and measured against budget figures and KPIs. Generational accounts for terminated generations will be updated on a monthly basis. The information form of the regions is summarised in a report submitted to the Board.
- Each quarter, the Group management holds meetings with the management of each region respectively. The aim of the meeting is to follow up the strategies and goals that have been set.

Each quarter, a risk assessment covering biology, feed, market, finance and Compliance is prepared. These areas are considered to pose the greatest risks for the Company. This can be changed from the changed situation. The risk assessment is reviewed by the Audit Committee in connection with quarterly reporting.

Divergences from the Code of Practice: None.

## 11. BOARD REMUNERATION

Proposals concerning Board remuneration are submitted by the nomination committee. Remuneration to Board members is not linked to the Company's results. None of the Board members have special duties in relation to the Company which are additional to those they have as Board members. Board remuneration shall be shown in the financial statements of both the Company and the Group.

Divergences from the Code of Practice: None.

## 12. REMUNERATION TO SENIOR EMPLOYEES

### 12.1 Senior employees

The group management consists of Group CEO, the director of operations and the financial director, and HR director.

The objective of the guidelines for determination of salary and

other remuneration to senior employees within the Group is to attract people with the required competence and at the same time retain key personnel. The guidelines should also motivate the employees to work with a long-term perspective to enable the Group to achieve its goals.

The determination of salary and other remuneration to the Group's senior employees is therefore based on the following guidelines:

- Salary and other remuneration shall be competitive and motivating for each manager and for everyone in the senior management group.
- Salary and other remuneration shall be linked to value creation generated by the Company for the shareholders.
- The principles used to determine salary and other remuneration shall be simple and understandable to employees, the shareholders and the public at large.
- The principles used to determine salary and other remuneration shall also be sufficiently flexible to allow adjustments to be made on an individual basis in the light of the results achieved and the contribution made by the individual to the development of the Group.

The salary paid to the members of the senior management group consists of a fixed and a variable element. Under the bonus scheme in force the variable salary under the scheme cannot exceed six times the monthly salary. Each year, information about the provisions of the bonus scheme is included in the Group declaration on the determination of salary to the senior management group, and appears in the financial statements for the Group, note 14.

The Company's Board approved the allocation of cash options based on the General Assembly's resolution for the framework of the share and cash options programme. The last approval from the General Assembly was May 28 2015. The allocation from the Board has been approved on 20 April 2007, 6 May 2009, 27 March 2012, 22 March 2013, 17 December 2013, 28 May 2015, and December 2016. The Group CEO, the CFO, the COO, the HR director, and the four regional managers are included in the share options programme. The options agreements have been entered into within the scope of the resolution adopted by the General Assembly. Minutes of this General Assembly can be accessed on the Company's homepage.

This has been followed by the establishment of a synthetic options programme. Options agreements with members of the senior management group have been entered into within the framework of the adopted resolution.

Remuneration to the Group CEO is determined at a meeting of the Board of Directors. The salary payable to the other members of the senior management group is determined by the Group CEO. The Group CEO shall discuss the remuneration which he/she proposes with the chairman of the Board before the amount of remuneration is determined.

General schemes for the allocation of variable benefits, including bonus schemes and options programmes, are determined by the Board. Schemes which entail an allotment

of shares, subscription rights, options and other forms of remuneration related to shares or the development of the Company's share price, are determined by the General Assembly. The Board's declaration of management remuneration is a separate agenda paper of the General Assembly. The General Assembly votes separately on guidelines to guide the Board and remuneration comprising the synthetic options programme.

The Company has no divergences from the Code of Practice.

## 12.2 Severance pay

The Group CEO is entitled to 12 months' severance pay after dismissal, and 12 months salary during illness.

A severance pay agreement has also been established for the CFO and COO providing for 12 months' severance pay after dismissal.

Divergences from the Code of Practice: None.

# 13. INFORMATION AND COMMUNICATION

## 13.1 Financial information

The Company shall at all times provide its shareholders, the Oslo Stock Exchange and the finance market in general (through the Oslo Stock Exchange information system) with timely and accurate information. The Board shall ensure that the quarterly reports from the Company give a correct and complete picture of the Group's financial and commercial position, and whether the Group's operational and strategic objectives are being reached. Financial reporting shall also contain the Group's realistic expectations of its commercial and performance-related development.

The Company publishes all information on its own homepage and in stock exchange/press announcements. Quarterly reports, annual reports and stock exchange/press releases are presented on an ongoing basis on the Company's homepage in accordance with the Company's financial calendar.

The Company shall have an open and active policy in relation to investor relations and shall hold regular presentations in connection with the annual and interim results.

## 13.2 Shareholder information

The Board shall ensure that information is provided on matters of importance for the shareholders and for the stock market's assessment of the Company, its activities and results, and that such information is made publicly available without undue delay. Publication shall take place in a reliable and comprehensive manner and by using information channels which ensure that everyone has equal access to the information.

All information shall be provided in both Norwegian and English. The Company has procedures to ensure that this is done. The chairman of the Board shall ensure that the

shareholders' views are communicated to the entire Board. Divergences from the Code of Practice: None.

# 14. COMPANY TAKEOVER

## 14.1 Change of control and takeovers

The Company has no established mechanisms which can prevent or avert takeover bids, unless this has been resolved by the General Meeting by a majority of two thirds (of the votes cast and of the share capital represented). The Board will not use its authorisation to prevent a takeover bid without the approval of the General Meeting after the takeover bid has become known. If a takeover bid is received, the management and the Board will ensure that all shareholders are treated equally. The Board will obtain a value assessment from a competent independent party and advise the shareholders whether to accept or reject the bid. The shareholders will be advised of any difference of views among the Board members in the Board's statements on the takeover bid.

The Board has in its Board meeting 13 October 2015 adopted some core principles for how the Board will act in the event of any persuasion offers. These core principles are in accordance with the recommendation of NUES.

Divergences from the Code of Practice: None.

# 15. AUDITOR

The Board through its audit committee seeks to have a close and open cooperation with the Company's auditor. Each year the audit committee obtains confirmation that the auditor meets the requirements of the Act on auditing and auditors concerning the independence and objectivity of the auditor.

The auditor's schedule of audit work is submitted to the audit committee once a year. In particular, the audit committee considers whether, to a satisfactory extent, the auditor is performing a satisfactory control function.

Both the Company management and the auditor comply with guidelines issued by the Financial Supervisory Authority of Norway concerning the extent to which the auditor can provide advisory services.

The auditor attends Board meetings which deal with the annual financial statements. The audit committee has an additional meeting with the auditor at least once a year to review the auditor's report on the auditor's view of the Group's accounting principles, risk areas and internal control procedures. Moreover, each year the Board has a meeting with auditor when neither the Group CEO nor anyone else from the management is present.

The auditor also attends meetings of the audit committee to consider quarterly reports and other relevant matters. The auditor's fee appears in the relevant note in the annual report showing the division of the fee between audit and other services.

Divergences from the Code of Practice: None.

# CONSOLIDATED INCOME STATEMENT

AMOUNTS IN NOK 1000	Note	2016	2015
Sales revenue	6	6 545 187	4 608 667
Other income	6	41 019	44 921
Other gains and losses	6	17 386	-15 218
Share of profit from associated companies	5	569	6 994
Cost of sales	7	-3 287 159	-2 738 926
Salaries and personnel expenses	15/16	-483 473	-409 432
Other operating expenses	11/15/20/24	-1 491 867	-1 235 695
<b>EBITDA before fair value adjustments of biological assets</b>		<b>1 341 662</b>	<b>261 311</b>
Depreciation property, plant and equipment	9	-175 352	-162 211
Depreciation licenses and other intangible assets	8	-5 036	-5 163
Impairment and reversals of property, plant and equipment, and intangible assets	8/9	6 472	-46 195
<b>EBIT before fair value adjustments of biological assets</b>		<b>1 167 745</b>	<b>47 742</b>
Fair value adjustment of biological assets	3/7	515 741	33 209
<b>EBIT</b>		<b>1 683 486</b>	<b>80 951</b>
Share of profit/loss from associated companies	5	12 083	3 142
Financial income	23	20 479	38 056
Financial expenses	23	-155 213	-131 357
<b>Net financial items</b>		<b>-134 733</b>	<b>-93 301</b>
<b>Profit before income tax</b>		<b>1 560 836</b>	<b>-9 208</b>
Income tax expense	13	-338 505	13 574
<b>Profit for the year</b>		<b>1 222 331</b>	<b>4 366</b>
<b>ALLOCATED TO:</b>			
Controlling interests		1 186 032	-6 626
Non-controlling interests		36 299	10 992
<b>Profit available to shareholders in parent company</b>			
Earnings per share (NOK)	18	10,74	-0,06
Diluted earnings per share (NOK)	18	10,74	-0,06



# CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

AMOUNTS IN NOK 1000	Note	2016	2015
Profit for the year		1 222 331	4 366
<b>ITEMS WITH NO TAX EFFECT ON REALISATION SUBSEQUENTLY REVERSED IN PROFIT:</b>			
Currency translation differences, subsidiaries		-10 389	6 266
Change in value of available-for-sale assets		19	31
<b>Total</b>		<b>-10 370</b>	<b>6 297</b>
<b>ITEMS WITH TAX EFFECT ON REALISATION SUBSEQUENTLY REVERSED IN PROFIT:</b>			
Currency effect of net investments	3	-90 228	54 134
Fair value adjustment of cash flow hedging	3	6 052	-
Tax effect		20 203	-13 533
<b>Net effect</b>		<b>-63 973</b>	<b>40 601</b>
<b>Comprehensive income after taxes</b>		<b>-74 343</b>	<b>46 898</b>
<b>Total comprehensive income for the year</b>		<b>1 147 988</b>	<b>51 264</b>
<b>ALLOCATED TO:</b>			
Controlling interests		1 109 138	40 272
Non-controlling interests		38 850	10 992

# CONSOLIDATED BALANCE SHEET

## AMOUNTS IN NOK 1000

ASSETS	Note	31.12.16	31.12.15
Goodwill	8	108 595	110 647
Deferred tax assets	13	0	10 317
Licenses	8	1 060 622	1 093 338
Other intangible assets	8	17 598	16 993
Property, plant and equipment	9	1 510 379	1 534 770
Investments in associated companies	5	0	25 947
Available-for-sale financial assets		1 445	1 426
Other non-current receivables		4 167	2 667
<b>Total non-current assets</b>		<b>2 702 804</b>	<b>2 796 104</b>
Inventories	7	89 164	90 867
Biological assets	7	2 459 625	1 929 115
Accounts receivable	3/20	800 591	581 904
Other current receivables	21	163 246	145 767
Derivatives and other financial instruments	3/12	48 994	0
Cash and cash equivalents	3/19	503 613	392 020
<b>Total current assets</b>		<b>4 065 234</b>	<b>3 139 673</b>
<b>Total assets</b>		<b>6 768 038</b>	<b>5 935 777</b>

Amounts in NOK 1000

<b>EQUITY AND LIABILITIES</b>	Note	<b>31.12.16</b>	<b>31.12.15</b>
Share capital	17	446 648	446 648
Treasury shares	17	-5 000	-5 000
Other equity - not recognised		63 098	139 993
Retained earnings		2 645 935	1 625 521
<b>Total controlling interests</b>		<b>3 150 681</b>	<b>2 207 162</b>
<b>Non-controlling interests</b>		<b>56 270</b>	<b>30 349</b>
<b>Total equity</b>		<b>3 206 951</b>	<b>2 237 511</b>
Deferred tax liabilities	13	674 684	539 040
Pension obligations		0	109
Cash-settled share options	16	11 360	4 389
Loan	10	979 874	1 518 261
Other long-term borrowings	10	15 963	21 425
Finance leasing liabilities	10/11	250 452	272 968
<b>Total non-current liabilities</b>		<b>1 932 333</b>	<b>2 356 192</b>
Current portion of long-term borrowings	10	98 490	101 922
Current portion of finance leasing liabilities	10/11	67 116	61 008
Factoring liabilities	3/10	502 535	338 231
Cash-settled share options	16	0	1 250
Accounts payable	3	493 534	653 083
Tax payable	13	172 057	24 545
Accrued salary expense and public tax payable		48 819	12 134
Derivatives and other financial instruments	3/12	23 990	27 104
Other current liabilities	25	222 213	122 795
<b>Total current liabilities</b>		<b>1 628 754</b>	<b>1 342 072</b>
<b>Total liabilities</b>		<b>3 561 087</b>	<b>3 698 264</b>
<b>Total equity and liabilities</b>		<b>6 768 038</b>	<b>5 935 777</b>

Bergen, 3 April 2017  
Grieg Seafood ASA

TRANSLATED VERSION. NOT TO BE SIGNED



# CHANGE IN EQUITY

Amounts in NOK 1000	Share capital	Own shares	Other equity - not recognised	Retained equity	Non-controlling interests	Total equity
<b>Equity at 01.01.2015</b>	<b>446 648</b>	<b>-5 000</b>	<b>93 095</b>	<b>1 687 353</b>	<b>19 357</b>	<b>2 241 451</b>
<b>PROFIT FOR 2015</b>				<b>-6 626</b>	<b>10 992</b>	<b>4 366</b>
Translation effects foreign currency			6 266			6 266
Net investment			40 601			40 601
Change in value in shares held for sale			31		0	31
Total comprehensive income	0	0	46 898	0	0	46 898
<b>Total comprehensive income for 2015</b>	<b>0</b>	<b>0</b>	<b>46 898</b>	<b>-6 626</b>	<b>10 992</b>	<b>51 264</b>
Dividend paid				-55 206		-55 206
<b>Total equity from shareholders 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-55 206</b>	<b>0</b>	<b>-55 206</b>
<b>Total change in equity in 2015</b>	<b>0</b>	<b>0</b>	<b>46 898</b>	<b>-61 832</b>	<b>10 992</b>	<b>-3 942</b>
<b>Equity at 31.12.2015</b>	<b>446 648</b>	<b>-5 000</b>	<b>139 993</b>	<b>1 625 521</b>	<b>30 349</b>	<b>2 237 511</b>
<b>PROFIT FOR 2016</b>				<b>1 186 032</b>	<b>36 299</b>	<b>1 222 331</b>
Translation effects foreign currency			-10 389			-10 389
Net investment			-68 573			-68 573
Change in value in shares held for sale			19			19
Fair value change of cash flow hedging			2 048		2 552	4 600
Total comprehensive income	0	0	-76 895	0	2 552	-74 343
<b>Total comprehensive income for 2016</b>	<b>0</b>	<b>0</b>	<b>-76 895</b>	<b>1 186 032</b>	<b>38 850</b>	<b>1 147 988</b>
Dividend paid				-165 618		-165 618
Dividend allocated minority from Ocean Quality					-12 929	-12 929
<b>Total equity from shareholders 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-165 618</b>	<b>-12 929</b>	<b>-178 547</b>
<b>Total change in equity in 2016</b>	<b>0</b>	<b>0</b>	<b>-76 895</b>	<b>1 020 414</b>	<b>25 921</b>	<b>969 441</b>
<b>Equity at 31.12.2016</b>	<b>446 648</b>	<b>-5 000</b>	<b>63 098</b>	<b>2 645 935</b>	<b>56 270</b>	<b>3 206 951</b>

Booked value of the line "Own shares" equals nominal value of parent company's holding of own shares

<b>SPECIFICATION OF RETAINED EQUITY</b>	Effect of share-based remuneration	Purchase of own shares *)	Profit for the year - dividend paid	Total
Book value at 01.01.2015	1 094	-13 036	1 699 295	1 687 353
Changes in 2015	0	0	-61 832	-61 832
Changes in 2016	0	0	1 020 414	1 020 414
Book value at 31.12.2016	1 094	-13 036	2 657 877	2 645 935

<b>SPECIFICATION OF OTHER EQUITY, NOT RECOGNISED</b>	Shares held for sale	Net investment	Currency conversion	Change cash flow hedging	Total
Book value at 01.01.2015	737	75 372	16 986	0	93 095
Changes in 2015	31	40 601	6 266	0	46 898
Changes in 2016	19	-68 573	-10 389	2 048	-76 895
Book value at 31.12.2016	787	47 400	12 863	2 048	63 098

\*) Amount of "Purchase of own shares" is cost price in excess of nominal value. See also note 17

# CASH FLOW STATEMENT

AMOUNTS IN NOK 1000	Note	2016	2015
EBIT		1 683 486	80 951
Taxes paid in the period	13	-41 653	-57 005
Fair value adjustment of biological assets	7	-515 741	-33 209
Ordinary depreciation	8/9	180 388	167 374
Impairment and reversal of property, plant and equipment, and intangible assets	9	-6 472	46 195
(Gain/)Loss on sale of property, plant and equipment		1 202	-403
(Gain/)Loss on sale of own shares	5	-	-1 405
Share of results from companies applying equity method of accounting	5	-569	-6 994
Change in inventories and biological assets ex. fair value		-16 799	-51 661
Change in customer accounts receivable and other receivables		-236 166	-168 672
Change in accounts payable		-159 549	292 689
Change in other accruals items		59 374	99 839
Change in net pension and option obligations		5 612	1 966
<b>Net cash flow from operations</b>		<b>953 113</b>	<b>369 665</b>
Receipts from sale of property, plant and equipment	8/9	17 199	2 092
Receipts from sale of shares and other equity instruments	5	39 592	7 973
Dividends received	23	-	446
Payments on purchase of property, plant and equipment	9	-247 783	-264 050
Payments on purchase of intangible assets	8	-7 069	-58 651
Change in other non-current receivables		-1 519	-4 358
<b>Net cash flow from investment activities</b>		<b>-199 580</b>	<b>-316 548</b>
Change in long-term interest-bearing debt		-	650 000
Leasing receipts		43 131	71 795
Repayment of long-term interest-bearing debt and leasing		-587 455	-528 987
Other financial items		-3 988	-823
Dividend incl. allocation to non-controlling owner interests		-178 547	-55 206
Change in factoring		169 221	139 131
Interest expense		-87 196	-117 641
<b>Net cash flow from financing activities</b>		<b>-644 834</b>	<b>158 269</b>
<b>Net change in cash and cash equivalents</b>		<b>108 699</b>	<b>211 386</b>
<b>Cash and cash equivalents at 01.01</b>		<b>392 020</b>	<b>181 498</b>
<b>Currency conversion of cash and cash equivalents</b>		<b>2 894</b>	<b>-865</b>
<b>Cash and cash equivalents at 31.12</b>		<b>503 613</b>	<b>392 020</b>

# NOTE 1

## GENERAL INFORMATION

Grieg Seafood ASA is an integrated Norwegian seafood company operating in the area of salmon farming and processing. Grieg Seafood ASA is a public limited company registered in Norway. Its head office is located at C. Sundtsgt. 17/19, Bergen, Norway. Grieg Seafood ASA was listed on the Oslo Stock Exchange on 21 June 2007. The Company has operations in Norway, the UK and Canada.

The consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, and approved by the Board of Directors 3 April 2017.

In the following, «Group» describes information related to the Grieg Seafood Group, whilst «Company» refer to the parent company.

The Group holds 60% of Ocean Quality AS together with Bremnes Fryseri AS (40%). Grieg Seafood does not receive any of the profit from sale of fish from Bremnes Fryseri AS, as the result is based on a skewed distribution of profit from the delivered volume from

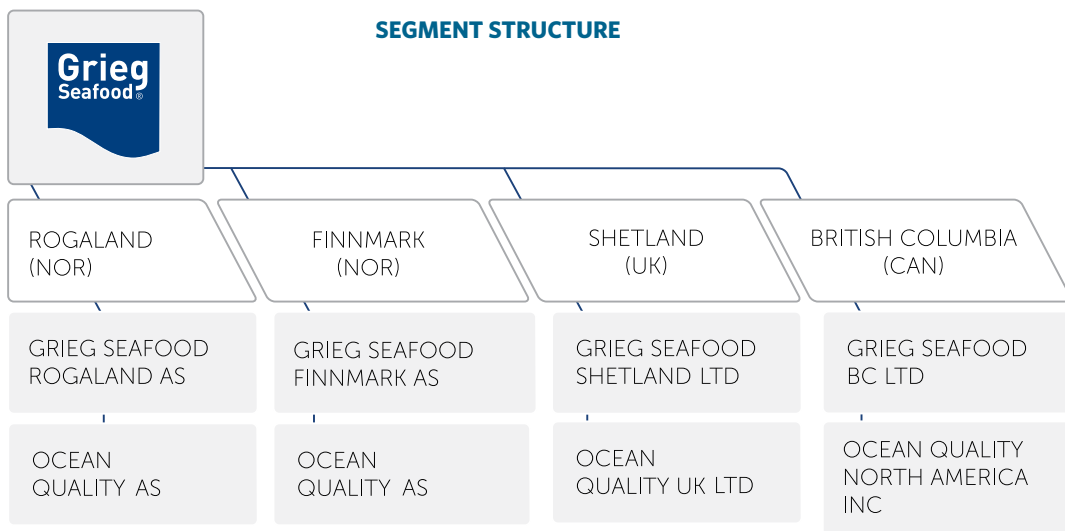
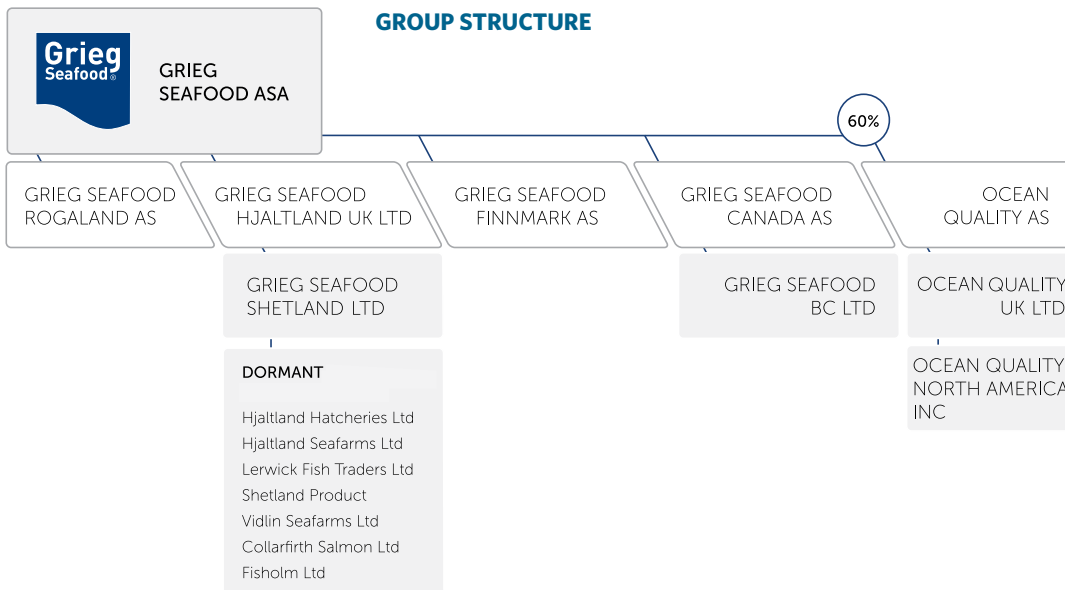
each shareholder, respectively. Share of profit and share of equity in Bremnes Fryseri AS are presented as non-controlling interests.

All amounts are in NOK thousand unless stated otherwise.

Grieg Seafood Group consists of the following entities as at 31 December 2016:

Grieg Seafood Hjalmland UK Ltd including all subsidiary companies and Ocean Quality UK Ltd are resident in UK. Grieg Seafood BC Ltd and Ocean Quality North America Ltd are resident in Canada. The rest of the companies are resident in Norway.

Grieg Seafood Hjalmland UK Ltd. and Grieg Seafood Canada AS are holding companies, holding 100 % of the production companies Grieg Seafood Shetland Ltd. and Grieg Seafood BC Ltd., respectively. Grieg Seafood ASA has a 60% stake in Ocean Quality AS, the other subsidiaries are owned 100%.





# 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 periods presented, unless stated otherwise.

### BASIS OF PREPARATION

The consolidated financial statements of the 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, available-for-sale financial assets, and financial assets/liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of 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 consolidated financial statements, are described in note 4.

### CONSOLIDATION PRINCIPLES

#### (I) SUBSIDIARIES

Subsidiaries are all entities (including special purpose entities) over which the Group has control. A situation where the Group controls another entity arises when the Group is exposed to variability in returns from the entity, and has power to influence this return through its control of the entity.

Subsidiaries are consolidated from the date when the Group can exercise control and consolidation ends when control of the subsidiary terminates.

If the Company's ownership exceeds 50 % but is below 100 % of the subsidiaries, the non-controlling interest's share of profit after tax and share of equity is recognised in separate lines.

The purchase method of accounting is used for acquisitions. The cost of an acquisition is measured as the fair value of the assets and liabilities taken over, and equity instruments issued. The cost also includes the fair value of all assets and liabilities and contingent liabilities taken over by agreement. Identifiable assets, debt and contingent liabilities are recognised at fair value on the date of acquisition. Non-controlling interests in the acquired entity are measured from time to time either at fair value, or at their proportionate share of net assets of the entity that has been acquired.

Costs related to acquisitions are charged as they arise.

In the case of a multi-stage acquisition, the proportion of ownership from an earlier purchase is re-stated at fair value at the date of control and the value change is recognised through profit or loss.

A contingent acquisition price is measured at fair value at the date of acquisition. Under IAS 39, subsequent changes in the contingent

acquisition price are recognised through profit or loss or are posted as a change in the comprehensive income statement where the contingent price is classified as an asset or a liability. There is no new value measurement of a contingent acquisition price classified as equity, and the subsequent settlement is charged against equity.

Intra-group transactions, balances, and unrealised gains and losses between Group companies are eliminated. The financial statements of subsidiaries are re-stated where necessary to ensure consistency with the accounting policies adopted by the Group.

#### (II) CHANGE IN OWNER INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

Transactions with non-controlling interests of subsidiaries, which do not entail a loss of control, are regarded as equity transactions. On the purchase of further shares from non-controlling interests, the difference between the consideration paid and the shares' proportionate share of the net assets in the financial statements of the subsidiary is recognised in the equity of the parent company's owners. Similarly, any gain or loss on a sale to non-controlling interests is charged against equity.

#### (III) DIVESTMENT OF SUBSIDIARIES

In the event of loss of control, any remaining ownership interest is stated as fair value change through profit or loss. Thereafter, for accounting purposes, fair value is the acquisition cost either as an investment in an associated company or as a financial asset. Amounts previously recognised in comprehensive income statement related to this company, are dealt with as if the Group had disposed of underlying assets and liabilities. This allows for amounts previously recognised in comprehensive income statement, to be reclassified as part of the income statement.

#### (IV) ASSOCIATED COMPANIES

Associated companies are entities over which the Group has significant influence, but not control. Significant influence normally occurs when the Group has between 20 % and 50 % of the voting rights. Investments in associates are recognised using the equity method. Investments in associates are initially recognised at acquisition cost, and the Group's share of the results in subsequent periods is recognised through profit or loss. The amount recognised in the balance sheet includes any implicit goodwill identified at the date of purchase.

Shares of profit or losses of associates that are closely linked to the Group's operations and thus are included in the value chain of the Group, are classified on a separate line included in the Group's operating result.

In the event of a reduction in the owner interest in an associated company where the Group retains significant influence, only a proportionate share of amounts previously recognised in the comprehensive income statement is reclassified through profit or loss.

The Group's share of profits or losses of associated companies is recognised in the income statement and is added to the value of the investment in the balance sheet. The Group's share of the comprehensive results of the associated company is recognised

in the consolidated statement of comprehensive income plus the amount of the investment in the balance sheet. The Group's share of a loss is not recognised in the income statement if this means that the value of the investment in the balance sheet is negative (including the entity's unsecured receivables), unless the Group has undertaken obligations or made payments on behalf of the associated company. The accounts of associated companies are re-stated when necessary to ensure consistency with the accounting policies adopted by the Group.

At the end of each accounting period, the Group determines if there is a need to write down the investment in the associated company. In such case, the amount of the write-down is calculated as the difference between the recoverable amount of the investment and its book value, and the difference is posted on a separate line along with «Share of results of associated companies».

If a gain or a loss arises on transactions between the Group and its associated companies, only the proportionate amount related to shareholders outside the Group is recognised. Unrealised losses are eliminated unless there is a need to write down the asset that was the subject of the transaction. Accounting policies of associates are changed when necessary to ensure consistency with the accounting policies adopted by the Group. Gains and losses on dilution of assets of associated companies are recognised in the income statement.

## SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting 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 Group management.

## FOREIGN CURRENCY TRANSLATION

The financial statements of each of the Group's entities are generally measured using the currency of the economic area in which the entity operates («the functional currency»). The consolidated financial statement is presented in Norwegian Kroner (NOK), which is the parent company's functional and presentation currency.

## TRANSACTIONS AND BALANCE SHEET ITEMS

Foreign currency transactions are translated into the functional currency using the exchange rates. Foreign exchange gains resulting from the settlement of such transactions that are not denominated in the entity's functional currency are recognised in income. Translations of monetary items (assets and liabilities) that are not denominated in the entity's functional currency are recognised.

## GROUP COMPANIES

The income statements and balance sheets of 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:

1. the balance sheet is translated into closing rate on the date of the balance sheet,
2. income and expense items in the income statement are translated at average exchange rates for the period (if the average is not a reasonable estimate of the cumulative effects of using the transaction rate, the transaction rate is used)
3. translation differences are recognised in comprehensive income and specified separately.

When a foreign operation is sold, the exchange difference, which in previous periods was recognised in consolidated income, is not accrued. The accumulated exchange difference on the sale of the foreign operation is hence reversed in the consolidated income. Gain/loss from the sale is recognised on a basis of zero exchange difference. Gain/loss is recorded in the ordinary net profit.

Goodwill and fair value adjustments of assets and liabilities on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated into closing rate on the date of the balance sheet.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Acquisition may also include gains or losses transferred from equity as a result of hedging the cash flow in foreign currency on the purchase of property, plant and equipment.

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

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

- Buildings/real estate 10 – 50 years
- Plants, barges, onshore power supply 5 – 30 years
- Nets/cages/moorings 5 – 25 years
- Other equipment 3 – 35 years

The assets' useful lives and residual values are estimated at each balance sheet date and if necessary adjusted.

An asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are posted net in the income statement and correspond to the difference between the sale price and the carrying amount.

## INTANGIBLE ASSETS

Intangible assets, which arise internally within the Group, are not recognised. Goodwill and licenses with an indefinite economic life are subject to annual impairment tests. Impairment tests are performed more frequently if indications of impairment occur. Amortised licenses are tested for impairment only if there are indications that future earnings do not justify the asset's balance sheet value.

## GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is classified as an intangible asset. Goodwill on the purchase of a share in an associated company is included in «investments in associates». Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

## LICENSES

Fish quotas and fish farming licenses that have an indefinite useful life are not amortised but reviewed for impairment annually, or more frequently if there are indications that the balance sheet value may have decreased.

The Group considers the following licenses to have indefinite useful

life:

1. Licenses granted with indefinite useful life, where the company has no other contractual restrictions related to the use of the license.
2. Licenses granted with limited useful life, but where renewal from license holders' side can be arranged without considerable expenses.

Licenses with a limited useful life are amortised over the useful lifetime. These regard water concessions for hatcheries and some specific seawater licenses. The following sections provide a description of concessions related to the segments Norway, UK (Shetland) and Canada (BC). Please refer to note 10 Intangible assets for an overview of the number and types of licenses, as well as impairment testing.

### **NORWAY**

The licensing regime for the production of salmon and trout in Norway has been introduced by the Parliament and adopted through the Aquaculture Act. The Ministry of Trade, Industry and Fisheries grants permits for aquaculture (licenses). All aquaculture operations are subject to licensing and nobody can produce salmon/trout without permission from the authorities, cf. Aquaculture Act § 4.

The aquaculture permit entitles the production of salmon and trout in limited geographic areas (sites), with the current determined limitations of the permit scope. The Aquaculture Act is administered centrally by the Ministry of Trade, Industry and Fisheries, with the Directorate of Fisheries as the supervisory authority. Regionally, several industry authorities collectively manage a complete administrative and supervisory responsibility within the regulating range of the Aquaculture Act. The county is the regional administrative body, while the Directorate of Fisheries serves as appellate body in locality and licensing matters.

### **Seawater licenses**

Each license for salmon and trout in the sea is subject to a production limit in the form of «maximum allowed biomass» (MTB). MTB does not directly limit the number of tons of fish production within a year, but limits the amount of fish to keep in the sea at any time. Normally, a license has a limit of 780 tons MTB, while in Troms and Finnmark counties, a standard license has a limit of 900 tons MTB (provided all associated locations are situated in Troms and Finnmark) ref. the Salmon Allocation Regulation § 15 («laksetildelingsforskriften»). Such licenses are limited in number and only subject to application, following politically decided licensing rounds.

### **Hatchery licenses**

Young salmon/trout are defined as eggs, juveniles, parr or smolts to be released in another locality ref. Salmon Allocation Regulation § 4 f. Such licenses are not limited in number and thus subject to continuous application for new licenses or changes to existing licenses. Basically, it is not allowed to produce smolts over 250 grams, but the regulations allow for applications to produce a certain percentage of fish up to 1 kg. GSF has authorisation up to 1 kg.

### **R&D and broodstock licenses**

These licenses are not limited in number. Permissions are means-tested, meaning the applicant must demonstrate a need for the production of eggs, specific research projects or educational purposes. Broodstock licenses include both land and sea phase, i.e. the broodfish and egg production belong to the same licensing consideration.

### **Harvesting cage licenses**

Licenses utilized to cage setting of live fish for harvesting. These relate to specific locations.

### **Duration and renewal**

The Ministry may in individual decisions or regulations specify further provisions on the contents of aquaculture licenses, including scope, time limitations, etc., cf. the Aquaculture Act § 5, second paragraph. Still, the preparatory work for the Aquaculture Act specify that licenses normally are granted without a time limit. GSF's general food fish licenses and hatchery licenses are not time limited under current regulations. After the reform in 2009, a number of licenses were time limited, mainly to 15 years. As no government practices have been established related to renewal of broodstock licenses, the current understanding is that expiration of licenses allows for application for renewal based on demand. A license for harvesting cages is valid for 10 years and needs renewal upon expiration, given that the license is still connected to an approved harvesting plant.

### **Disposal and withdrawal**

All licenses can be transferred and mortgaged according to the Aquaculture Act § 19. Transfers and mortgages must be registered in a separate register (the Aquaculture Register). It is not allowed to rent out licenses or license capacity.

The Aquaculture Act reviews the basis for withdrawal of an aquaculture license. This states inter alia that there must be significant breaches of the terms of an aquaculture license before it can be revoked.

### **UK**

Grieg Seafood Shetland Ltd (GSF UK) has farms on both the west and east coast of Shetland, as well as the west coast of Scotland. In order to operate farms in Scotland, the following five licenses must be in place:

1. Water Environment (Controlled activities) "CAR" license – issued by Scottish Environment Protection Agency (SEPA)
2. Planning permission – issued by local authorities (Town and Country Planning Act)
3. (iii) Crown Estate Lease/Permission (The Crown Estate act 1961)
4. Aquaculture Production Business License (APB) – issued by Aqua Animal Health
5. Marine License (Navigation) – issued by the Scottish government

For limitations related to production quantity, see table in note 8.

### **Duration and renewal**

1. CAR license – requires periodic inspection and monitoring. If a substantial negative effect on the environment can be proven, as a consequence of the operation, the production volume can be reduced or, as a worst-case scenario, revoked.
2. Planning Permission – indefinite duration, but if the plant is left unused for 3 consecutive years, the license may be withdrawn
3. Crown Estate Lease/Permission – 25 years of duration. Normal procedure is renewal of the licenses upon expiration.
4. APB – indefinite duration depending on compliance with the license's conditions.
5. Marine License – required application for renewal every 6 years. This is normally a formality.

### **BC**

Grieg Seafood BC Ltd (GSF BC) has farms on both the west and east coast of Vancouver Island. In order to operate farms in British Columbia, Canada, the following three licenses must be in place:

1. Aquaculture license – issued by Department of Fisheries and Oceans
2. License of Occupation (Tenures) – issued by Ministry of Forest, Lands and Natural Resource Operations
3. Navigation Water Permit – issued by Transport Canada (Canadian public authorities)

For limitations related to production quantity, see table in note 8.

## Duration and renewal

1. Aquaculture license – duration of 1 year, renewal each year is a formality.
2. License of Occupation – duration of between 2 and 20 years. Renewal is applied for upon expiration.
3. Navigation Water Permit – duration of 5 years, but possible to apply for renewal.

## OTHER INTANGIBLE ASSETS

Acquired customer portfolios and computer software licenses are capitalised at cost and amortised over their estimated useful lives. Customer portfolios are capitalised at historical cost at the date of purchase. Amortisation is calculated using the straight-line method over the estimated useful life, as follows:

- Customer portfolios 6 years
- Computer software 3-10 years

### Impairment of non-financial assets

Assets that have an indefinite useful life are not amortised and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever there are indications that future earnings do not justify the carrying amount. 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 suffered an impairment are reviewed for indicators of possible reversal of the impairment at each reporting date.

## FINANCIAL ASSETS/LIABILITIES

The Group classifies its financial assets in the following three categories:

1. loans and receivables,
2. assets available for sale, and
3. at fair value through profit or loss

The classification depends on the purpose of the assets. The management determines the classification of its financial assets upon acquisition and re-evaluates this designation only in case of material changes at every reporting date.

### I) 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 classified as 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.

At each balance sheet date the Group considers whether there is any objective evidence that the loans and receivables are impaired. Such objective evidence is, for instance:

- breach of contract, such as a default or delinquency in payments,
- the probability that the borrower will become insolvent or be subject to financial reorganisation.

Loans and receivables are carried at amortised cost using the effective interest method.

### II) 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 other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available for-sale financial assets are stated at fair value. Change of

value is recorded in consolidated total financial statement.

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 'other financial income/losses from investment in securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on shares classified as available-for-sale are recognised in the income statement when the Group's right to receive dividends is established. 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 recent transactions on market terms, reference to other instruments which are essentially the same, the use of discounted cash flows and options models.

The techniques used make maximum use of market and avoid company-specific information as much as possible.

Investments 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.

Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. All financial assets which are not stated at fair value through profit or loss are initially recognised at fair value plus transaction costs.

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of shares classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and fair value, less any impairment loss on that financial asset previously recognised through profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on shares and corresponding equity instruments are not reversed through the income statement. Impairment testing of accounts receivable is described below.

### III) FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE INCLUDED IN INCOME STATEMENT, INCLUDING DERIVATIVES AND HEDGING

Financial equity classified as available-for-sale is recorded at fair value, whereas change of value is included in income statement.

The Group applies hedge accounting under IAS 39 on long-term foreign currency forward contracts entered into in connection with physical future delivery contracts of fish to customers. Changes in value of foreign currency forward contracts which meet the hedging criteria, are recorded in comprehensive income.

Short-term foreign currency forward contracts related to spot market for fish are recognised at fair value through profit or loss. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently stated at fair value on an ongoing basis. Changes in fair value of derivatives entered into for hedging purposes against operational revenue, are posted in revenue. Other currency and interest derivatives are posted net in the income statement under «other financial income/financial costs».

Pertaining to financial price contracts related to sale and purchase agreements on Fish Pool, the change of unrealised gains and losses is posted as a value adjustment of biological assets, while book value is reported as a derivative in the balance sheet, carrying gross value for purchase and sales contracts, respectively.



Assets/liabilities in this category are classified as current assets/short term debt when intended to be disposed of within 12 months, otherwise as non-current assets/liabilities.

## 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 net realisable value is the estimated selling price, less processing and selling expenses.

## BIOLOGICAL ASSETS

The accounting treatment of living fish by companies applying IFRS is regulated by IAS 41 Agriculture. IAS 41 comprises a hierarchy of methods for accounting measurement of biological assets. The basic principle is that such assets shall be measured at fair value. The model applied by the Group divides the fish into three weight categories and assumes the following:

1. Fish below 1 kg is recorded at accumulated cost. The best estimate for fair value is considered to be accumulated cost.
2. For fish between 1 and 4 kgs the estimated fair value includes a proportionate part of the estimated profit.
3. Fish in sea with an average weight over 4 kgs (fish ready for harvesting) are estimated to net sale price, on the basis of harvesting and sale at the balance sheet date. I.e. no remaining production cost or biomass growth is added to this weight category. The basis price used to calculate the fair value of this fish is expected price per kg at the estimated date of sale.

If the expected sale price is below the estimated cost, this will entail a negative value adjustment of biological assets, which is 100 % accrued. Upon estimating actual accumulated cost at the respective seawater facility, direct costs (fish feeds a.o.) are allocated to the locality. Indirect costs are distributed across localities through a norm of distribution. Given unusual mortality rate, the production cost is subject to write-down. This applies only when mortality rate exceeds normal expectations. Financial costs are not allocated to production cost.

The sale price for fish in sea with an average weight exceeding 4 kgs (fish ready for harvest) is forward price in Norway based on harvesting and selling the fish on the balance sheet date. The price of fish between 1 and 4 kgs is based on forward prices, adjusted for remaining growth period to expected harvest.

Regarding foreign countries, the most relevant price information available for the expected period of harvest, is being applied. As for fish between 1 and 4 kgs, forward price in Norway is corrected for historical differences in achieved prices between Norway and Canada/UK.

The price/net sales value is adjusted for quality differences (superior, ordinary and prod.), weight size, and for logistics expenses and sales commissions. Estimated harvesting expenses are deducted. The volume is adjusted for gutting waste, as the price is measured for gutted weight. Own, budgeted harvesting- and freight cost has been applied. Foreign currency forward contracts associated with the date of harvesting, are applied when translating price into CAD and GBP.

Change in fair value of biological assets is recognised. The value adjustment is presented on the separate line «Fair value adjustment of biological assets».

Physical delivery contracts undergo assessment for loss/value decrease against fair value adjusted for biological assets. Calculation of value is based on the forward price from Fish Pool, analogous to the calculation of biological assets. For sales under the contracts covering fish 4 kgs, forward prices on the balance sheet date for the consecutive quarter has been applied. Regarding losses connected to physical contracts covering fish 4 kgs, a proportionate share is recognised, equal to the principle of fair value calculations

of biological assets. Forward prices from Fish Pool according to the scheduled time of harvest is applied. Change of loss arising from physical delivery contracts, is recognised as a correction to change of value adjustment of biological assets. The liability in the balance sheet is posted under other current liabilities (see note 7).

The Group applies an internal principle of impairment in the event of extraordinary mortality. Such impairments are recorded as they arise as part of the goods expenses in the income statement. Information on recorded fair value for extraordinary mortality is based on the same principle as estimating value-adjusted biological assets. For specification of annual extraordinary mortality, see note 7.

## INDUSTRY GROUP FOR AQUACULTURE

In autumn 2014 the Fincancial Supervisory Authority of Norway (FSA) initiated an evaluation project related to parts of the financial reporting for aquaculture companies listed on the Oslo Stock Exchange. The purpose of the project was to assess whether the aquaculture industry practices a uniform and consistent reporting in accordance with IFRS. FSA published its final report on 17 November 2015 on its website ([www.finanstilsynet.no](http://www.finanstilsynet.no)). As a result of this review, the fish farming companies subject to the project, established an industry group for financial reporting, as a venue for discussions and common improvements of reporting.

The Group has held several meetings in 2015 and 2016, and the two main agendas of the meetings have been to:

- i) identify possible note improvements and policy applications, and
- ii) develop a common model for fair value measurement of biomass in line with IAS 41.

Affiliated with the first agenda, the group has identified some areas for improvement, and some adjustments of the note disclosures and presentation with effect starting from the fiscal year 2015.

As for the other agenda, the industry group has initiated work on a common valuation model, and this work will continue in 2017. The group aims to have completed this work in time to effect the financial statements as of 31 December 2017.

The following companies participate in the industry group: Lerøy Seafood Group ASA, Grieg Seafood ASA, P/F Bakkafrøst, and Marine Harvest ASA.

## ACCOUNTS RECEIVABLE

Accounts receivable are generated from trading of goods or services within the ordinary operating cycle. Accounts receivable under normal terms of payment are recognised initially at nominal value. Longer terms of payment implies a subsequent measurement of net present value/discounting of the accounts receivable. A provision for impairment of accounts receivable is established when there is objective indication that the Group will not be able to collect all amounts due according to the original terms of trade. Significant financial difficulties affecting the debtor, the probability that the debtor will become insolvent or be subject to financial reorganisation, and default or delinquency in payments are considered indicators that the account receivable is impaired. The provision is the difference between nominal and recoverable amount, which is the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the income statement under 'other operating expenses'.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, bank deposits, other short-term highly liquid investments with original maturities of three months or less. In the balance sheet, long-term credit facility is included in short-term borrowings.

## SHARE CAPITAL

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

## BORROWINGS

Borrowings are recognised initially at fair value when the funds are received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost applying the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

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.

## DEFERRED TAX

Deferred tax is provided for in full at nominal values, using the liability method, on temporary differences arising between the value of assets and liabilities for tax and accounting purposes. Deferred 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 tax asset is realised or the deferred income liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available, from which the temporary differences can be deducted.

Deferred tax is calculated on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

## EMPLOYEE BENEFITS

### PENSION OBLIGATIONS

The Company has paid premium to local, defined contribution based schemes for all employees. The Company's pension scheme is in accordance with rules and regulations for mandatory occupational pensions. The pension premium is charged through operations as it arises in the profit and loss account. Employer's social security contributions are charged on the basis of the pension premium paid.

The Group companies Grieg Seafood Rogaland AS and Grieg Seafood Finnmark AS have a contractual early retirement pension scheme (AFP). The financial commitments associated with this scheme are included in the Group's pension expenses. The AFP early retirement scheme follows the rules for public sector AFP, and both companies are members of the LO/NHO scheme. The pension payment calculations are based on standard assumptions relating to the development of mortality and disability as well as other factors such as age, years of service and remuneration. The premium is charged through operations as it arises in the profit and loss account.

### SHARE-BASED REMUNERATION

The Group operates a share-based management remuneration plan with settlement in cash. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be charged over the vesting period is calculated on the basis of the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision relative to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The Black and Schole's option pricing model

is used for valuation.

The company's obligations are posted under long-term commitments if the latest possible redemption date exceeds one year into the future.

## TRANSACTIONS UNDER JOINT CONTROL

On the purchase of entities under joint control the Group has chosen to apply IFRS 3 as its accounting standard.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

## 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 the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

## PROFIT SHARING AND BONUS PLANS

The Group recognises a provision where it has a contractual obligation or where there is a past practice that has created a constructive obligation.

## PROVISIONS

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

- the Group 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;
- the amount of the obligation can be reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there is 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market situation and the risks specific to the obligation. The increase in the provision due to the change in value because of passage of time is posted as a financial expense.

## REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating intra-group sales. Revenue is recognised when it is reliably measured and it is reasonably assured that the economical assets will be transferred, that is when a group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables and when the risks and rewards have been transferred to the customer.

## INTEREST INCOME

Interest income is recorded proportionately over time using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate. Interest income on impaired loans is recognised on the basis of the amortised cost and the original effective interest rate.

## DIVIDEND INCOME

Dividend income from investments under the cost method or available-for-sale is recognised when the right to receive payment is established. Dividend income from entities under the equity method are not being recognised but recorded as a reduction in the carrying value of the investment.

## LEASES

### FINANCE LEASINGS

Leases, or other arrangements as described in IFRIC 4, relating to property, plant and equipment where the Group has substantially all the risks and control, are classified as finance leaseings.

Finance leaseings are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the aggregate minimum lease payments.

Each lease payment is allocated between an instalment element and an interest element so as to achieve a constant interest rate in the different periods on the outstanding lease obligation in the balance sheet. The lease obligation, less interest costs, is classified as other long-term debt. The interest expense is posted in the income statement as a financial expense over the lease period so as to achieve a constant interest expense on the outstanding obligation in each period. The property, plant and equipment acquired under finance leaseings is depreciated over the shorter of the useful life of the asset or the lease period.

### OPERATING LEASES

Leases, or other arrangements as described in IFRIC 4, 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 financial incentives from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

## DIVIDENDS

Dividends payable to the Company's shareholders are recognised as a liability in the Group's financial statements when the dividends are approved by the AGM.

## BORROWING COSTS

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

borrowing costs are charged in the income statement.

## 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 entailing financial benefits out of the company
- (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 through 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 it is likely that a benefit will accrue to the Group.

## CASH FLOW STATEMENT

The Group's cash flow statement shows the overall cash flow broken down into operating, investing and financing activities by using 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.

## EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit for the year allocated to the company's shareholders by a weighted average of the number of issued ordinary shares during the year.

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

# NOTE 3

## FINANCIAL RISK MANAGEMENT

### CAPITAL MANAGEMENT

The Group aims to ensure that it has access to capital to enable the business to develop in accordance with adopted strategies. By so doing, the Group should continue to be one of the leading players in the business. Historically, the industry has always been vulnerable to price fluctuations in the market. Because of this, the accounting performance may fluctuate considerably from year to year. It is therefore also a goal to ensure that the business maintains an appropriate level of free liquidity.

The aim of the Group is to provide a competitive return on invested capital to shareholders, through distribution of dividend and increased nominal share value. The Board deems it normal to achieve over several years an average dividend corresponding to 25-30% of the company's profit after tax, after allowing for the effects of fair value adjustments of biomass on profits. However, the dividend must always be considered in the light of what is deemed to be a healthy and optimal level of equity.

At 31.12.2016 the Group had net interest-bearing debt including finance leaseings of MNOK 1 400, ref. note 10. Funding is mainly in the form of bank loans. The level of debt and alternative forms of funding are subject to constant evaluation.

### FINANCIAL RISK FACTORS

The Group is exposed to a range of financial risks; market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance. To some extent, the Group uses financial derivatives to reduce certain risks.

The Group identifies, evaluates and hedges financial risks in close cooperation with the Group's operational units. The board has established written principles for the management of foreign exchange risk, interest rate risk and the use of financial instruments.

### MARKET RISK

#### (I) FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the CAD, USD, GBP and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets, and liabilities and net investments in foreign operations. The Group enters into foreign currency forward contracts to manage this risk.

Currency in NOK 1000	2016	NOK	USD	EUR	GBP	CAD	JPY	Other currency	Total
Accounts receivable		86 289	171 796	353 776	136 028	6 259	37 330	9 113	800 591
Accounts payable		378 525	2 648	9 444	51 300	48 847	-	2 770	493 534

Currency in NOK 1000	2015	NOK	USD	EUR	GBP	CAD	JPY	Other currency	Total
Accounts receivable		102 482	87 647	271 653	92 021	4 679	23 422	0	581 904
Accounts payable		424 127	769	7 419	124 405	91 513	-	4 850	653 083

Currency statement net interest-bearing debt	2016	NOK	USD	EUR	GBP	CAD	JPY	Other currency	Total
Cash and cash equivalents		3 459	-53 390	-2 140	352 771	203 226	-409	95	503 613
Longt-term interest-bearing debt*		1 408 282	58 222	273 907	133 493	-	22 188	7 501	1 903 593
<b>Net interest-bearing debt</b>		<b>1 404 823</b>	<b>111 613</b>	<b>276 047</b>	<b>-219 277</b>	<b>-203 226</b>	<b>22 597</b>	<b>7 406</b>	<b>1 399 981</b>

Currency statement net interest-bearing debt	2015	NOK	USD	EUR	GBP	CAD	JPY	Other currency	Total
Cash and cash equivalents		261 739	24 165	1 601	48 231	55 930	353	1	392 020
Interest-bearing		1 965 818	71 053	199 476	50 587	-	12 195	-	2 299 129
<b>Net interest-bearing debt</b>		<b>1 704 079</b>	<b>46 888</b>	<b>197 875</b>	<b>2 356</b>	<b>-55 930</b>	<b>11 842</b>	<b>-1</b>	<b>1 907 109</b>

\*Overview of interest-bearing debt, see note 10



The Group has investments in foreign subsidiaries whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations has previously been managed primarily through borrowings denominated in the relevant foreign currencies.

The Group's bank loans are in NOK. The background is a wish to prevent the parameters of the financial framework from being affected by currency fluctuations, since all of the syndicated bank loans are measured in NOK.

The parent company has short and long-term loans to the subsidiaries denominated in these companies' functional currency. All long-term loans are considered to be equity in these companies, as they will not be repaid. The currency effect of loans are posted under «currency effect of net investments» in consolidated comprehensive income. Numerical effects for 2016 and 2015 are presented below.

The currency effect of the net investments of subsidiaries is as follows:	2016	2015
Currency effect	-90 228	54 134
Tax effect	21 655	-13 534
<b>Net effect charged to equity</b>	<b>-68 573</b>	<b>40 601</b>

#### Sensitivity analysis:

Given a currency appreciation of NOK with 10% against USD, CAD, GBP and EUR on the balance sheet date 31.12.2016, the following effects on net interest-bearing debt in TNOK can be expected.

10% appreciation against	USD	EUR	GBP	CAD
Net effect on net interest-bearing debt	-26 145	-22 052	-13 135	41

The reversed effect will take place if NOK depreciates with 10%

10% appreciation against	USD	EUR	GBP	CAD
Monetary items - net effect on profit after tax (25 %)	-15 242	4 004	161	31

The reversed effect will take place if NOK depreciates with 10%

#### Forward currency contracts:

Hedge accounting has been applied to foreign currency forward contracts relating to long-term physical supply contracts. Effect on profit is recorded through comprehensive income. Short-term forward currency contracts are not subject to hedge accounting.

Short-term forward currency contracts are classified at fair value through profit or loss as current assets or current liabilities, respectively.

Please refer to further details disclosed in note 2.

Forward currency contracts at fair value through profit or loss as at 31.12.2016:

Sold	Amount	Bought	Amount	Weighted hedging rate	Market rate	Maturity interval *)	Market value in TNOK at 31.12.2016
USD	3 920	CAD	5 224	1,3300	1,3400	04.01.17 - 27.01.17	-288
USD	7 582	NOK	65 132	8,5908	8,6200	03.01.17 - 27.01.17	-236
EUR	12 348	NOK	113 333	9,1782	9,0863	02.01.17 - 30.01.17	1 059
GBP	993	NOK	11 026	11,1078	10,6126	04.01.17 - 20.01.17	501
JPY	262 435	NOK	19 658	0,0749	0,0736	04.01.17 - 27.01.17	309
SEK	564	NOK	523	0,9272	0,9512	05.01.17 - 09.01.17	-14
CHF	11	NOK	96	8,4857	8,4610	06.01.17	0
<b>Total</b>							<b>1 332</b>

Hedging contracts through comprehensive income at fair value as at 31.12.2016

Sold	Amount	Bought	Amount	Weighted hedging rate	Market rate	Maturity interval *)	Market value in TNOK at 31.12.2016
USD	3 164	NOK	27 192	8,5937	8,6200	03.01.17-10.01.18	-64
EUR	74 147	NOK	687 093	9,2666	9,0863	17.01.17-06.02.17	5 873
GBP	55 415	NOK	588 232	10,6150	10,6126	11.01.17-12.01.18	-1 736
JPY	459 896	NOK	36 094	0,0785	0,0736	18.01.17-03.02.17	1 980
CHF	4	NOK	36	8,4644	8,4610	11.01.17	-0
<b>Total</b>							<b>6 052</b>

Forward currency contracts as at 31.12.2015:

Sold	Amount	Bought	Amount	Weighted hedging rate	Market rate	Maturity interval *)	Market value in TNOK at 31.12.2015
USD	5 550	CAD	7 562	1,3625	1,3884	05.01.16 - 12.02.16	-847
EUR	51 070	NOK	483 247	9,4625	9,6030	04.01.16 - 24.01.17	-9 420
USD	2 826	NOK	24 311	8,6036	8,8206	05.01.16 - 08.02.16	-615
GBP	9 032	NOK	117 080	12,9631	13,0840	04.01.16 - 20.01.17	-1 196
JPY	299 059	NOK	21 448	0,0717	0,0733	05.01.16 - 08.02.16	-467
Other currency	193	NOK	244			05.01.16 - 07.01.16	-4
<b>Total</b>							<b>-12 549</b>

\*) The maturity is stated in intervals where there are several contracts.

## (II) INTEREST RATE RISK

As the Group has no significant interest-bearing assets except from bank deposits, its income and operating cash flow are largely independent of changes in market interest rates. The Group's interest rate risk arises from borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Fixed interest contracts are used to reduce this risk. The level of fixed interest loans is insignificant. The Group monitors its interest rate exposure continuously. The Group calculates the impact on profit and loss of a defined interest rate change. For each simulation, the same change in the interest rate is used for all currencies. The scenarios are run only for liabilities which represent major interest-bearing positions.

Sensitivity calculations show the following expected values: If the interest rate had been 1% higher (lower) throughout the year, other things being equal, the pre-tax profit would have been reduced (increased) by MNOK 17,1 in 2016 and MNOK 17,7 in 2015 due to the floating rate of interest on loans and deposits. The sensitivity analysis is based on average net interest-bearing debt throughout 2016 and 2015, notwithstanding concluded interest rate swap agreements.

Amounts in NOK 1000	Increase/reduction in interest rate points	2016	2015
Effect on profit before income tax	-/+ 1%	-/+ 17 126	-/+ 17 704

## Interest rate swap agreements

The purpose of the Group's risk management activities is to establish an overview of the financial risk that exists at any given time and to take protective steps which give more time to adapt to the changes that take place. With this purpose in mind, the Group has chosen to employ interest rate swap agreements to establish greater stability for the Group's loan interest expenses on variable rate. The Group has decided that at any given time a certain percentage of its interest-bearing debt on variable rate in banks shall be hedged under interest rate swap agreements. A given proportion will always be at a floating rate, while the remainder will be subject to possible hedging. This is under constant consideration, based on the market situation.

The interest rate swap agreements have a horizon of 4 years and whether these periods are to be rolled over is a matter of constant evaluation.

### 2016

Agreement	Principal	Fixed rate	Basis of floating rate	Duration	Market value NOK 1000
Fixed rate paid - floating rate received	400 000	1,69	Nibor 3 months	27.03.19	-5 268
<b>Total</b>					<b>-5 268</b>

Interest rate swap contracts assessed at market value excl. accrued interest

### 2015

Agreement	Principal	Fixed rate	Basis of floating rate	Duration	Market value NOK 1000
Fixed rate paid - floating rate received	400 000	1,69	Nibor 3 months	27.03.19	-10 380
Fixed rate paid - floating rate received	200 000	2,34	Nibor 3 months	17.10.16	-1 766
Fixed rate paid - floating rate received	200 000	2,40	Nibor 3 months	16.08.16	-2 409
<b>Total</b>					<b>-14 555</b>

Hedge accounting under IAS 39 is not applied to interest rate swap agreements. Change in value of interest rate swap agreements are recognised as fair value change through profit or loss, see description in accounting principles (note 2).

### (III) PRICE RISK

Financial salmon price contracts allows buyer and seller to agree on price and volume for future delivery. At year-end 2016, 22.4 % of estimated harvesting weight in Rogaland and Finnmark for 2017 and 2018, as well as 7.9 % of estimated harvest in UK were hedged under fixed price contracts. The financial contracts are presented gross in the balance sheet and value change is recognised through profit/loss as part of fair value adjustment for biological assets. As biological assets are accounted for at fair value, the expected costs to meet contract terms will be included in fair value adjustment. The Group has for 2016 entered into financial price contracts totaling to TNOK 22,887, of which sales contracts amount to TNOK – 18,723 and purchase contracts TNOK 41,610.

In 2015, the Group had no financial price contracts or physical delivery contracts that would give a loss at year end.

#### Fair value, financial assets:

Carrying value of derivatives and other financial instruments as at 31.12 is displayed below (TNOK). Carrying value equals fair value. Positive value is classified as an asset, while negative value is classified as a liability in the balance sheet.

	2016		2015	
	Assets	Short-term liabilities	Assets	Short-term liabilities
Forward currency contracts at fair value through profit or loss	1 332	0	0	-12 549
Forward currency hedging contracts at fair value through comprehensive income	6 052	0	0	0
Interest rate swap agreement (1 contract totalling MNOK 400 due in 2019, 2015: 3 contracts)	0	-5 268	0	-14 555
Financial salmon contracts - purchase contracts	41 610	0	0	0
Financial salmon contracts - sales contracts	0	-18 723	0	0
<b>Sum financial instruments at fair value</b>	<b>48 994</b>	<b>-23 990</b>	<b>0</b>	<b>-27 104</b>

## CREDIT RISK

Credit risk is managed at Group level. Credit risk arises from transactions with derivatives and deposits in banks and financial institutions, as well as from transactions with customers, including accounts receivable and fixed contracts. The Group has procedures to ensure that products are only sold to customers with satisfactory creditworthiness. The company normally sells to new customers only on presentation of a letter of credit or upon advance payment. Credit insurance is used when deemed necessary. For customers who have a reliable track record with the Group, sales up to certain levels agreed upon in advance, are permitted without any security. Factoring agreements have been concluded with Ocean Quality AS and Ocean Quality UK Ltd. regarding accounts receivable. See further information in note 10. All fish produced in the Group is sold to Ocean Quality Group which in turn sells to external customers. It is the policy of Ocean Quality Group to secure the bulk of its sales through credit insurance and bank guarantees.

The book value of financial assets represents the maximum credit exposure. The maximum credit risk exposure as at year end was as follows:

Amounts in NOK 1000		2016	2015
Accounts receivable	20	800 591	581 904
Other receivables	21	163 246	145 767
Cash and cash equivalents	19	503 612	392 020
<b>Total</b>		<b>1 467 448</b>	<b>1 119 691</b>

AGE DISTRIBUTION OF ACCOUNTS RECEIVABLE		2016	2015
Not due		508 688	460 807
Due		291 902	120 973
- 0-3 months		288 529	109 423
- more than 3 months		1 645	10 132
- more than 1 year		1 729	1 404
<b>Total nominal value of accounts receivable</b>		<b>800 591</b>	<b>581 780</b>

CHANGE IN PROVISION FOR BAD DEBTS		2016	2015
01.01.		4 979	1 704
Change in provision		3 399	3 275
<b>At 31.12.</b>		<b>8 378</b>	<b>4 979</b>



## LIQUIDITY RISK

The Group performs prudent liquidity risk management, which implies maintaining sufficient cash and marketable securities. The availability of funding through sufficient credit facilities and the ability to close market positions when considered appropriate.

Due to the dynamic underlying nature of the business, the Group aims to maintain flexibility in funding by keeping committed credit lines available. The Group maintains a financing agreement through a syndicate owned by DNB and Nordea with 50% each. The financing agreement consists of a total credit frame of MNOK 1910, of which a long-term credit facility of MNOK 700. For further information about non-current liabilities, see note 10.

The management monitors the Group's liquidity reserve comprising credit facilities (see note 10) and cash and cash equivalents (note 19) based on expected cash flows. This is generally carried out at Group level in cooperation with the operating companies.

The following table shows a specification of the Group's financial liabilities that are not derivatives, classified by structure of maturity. The amounts in the table are undiscounted contractual cash flows. Note 10 shows the payment profile for the Group's non-current liabilities.

31 December 2016	< 3 mth	3-12 mth	1-2 years	2-5 years	Over 5 years	Total
Long-term loan instalments	22 500	67 500	90 000	895 000	0	1 075 000
Loan interest - floating	6 593	19 357	23 869	8 447	0	58 267
Long-term credit facility	0	0	0	0	0	0
Short-term loan interest - floating	0	0	0	0	0	0
Finance leasing	17 471	49 712	57 216	108 993	84 176	317 568
Finance leasing interest	2 489	6 606	7 060	12 508	7 248	35 911
Accounts payable	493 440	55	6	33	0	493 534
Export credits	0	8 490	0	0	0	8 490
Factoring commitments	502 536	0	0	0	0	502 536
<b>Total commitments</b>	<b>1 045 029</b>	<b>151 721</b>	<b>178 151</b>	<b>1 024 981</b>	<b>91 424</b>	<b>2 491 305</b>

31 December 2015	< 3 mth	3-12 mth	1-2 years	2-5 years	Over 5 years	Total
Long-term loan instalments	22 866	68 598	90 000	985 018	0	1 166 482
Loan interest - floating	11 909	34 627	42 778	60 967	0	150 281
Long-term credit facility	0	0	0	450 000	0	450 000
Short-term loan interest - floating	1 580	4 740	6 320	15 800	0	28 440
Finance leasing	16 739	44 269	63 732	151 345	57 891	333 976
Finance leasing interest	1 695	7 792	8 471	18 442	5 426	41 826
Accounts payable	652 106	235	742	0	0	653 083
Export credits	0	10 458	0	0	0	10 458
Factoring commitments	338 213	0	0	0	0	338 213
<b>Total commitments</b>	<b>1 045 108</b>	<b>170 719</b>	<b>212 043</b>	<b>1 681 572</b>	<b>63 317</b>	<b>3 172 759</b>

Available liquidity, available drawdown on the credit facility, as well as positive cash flows from operations, are deemed to be sufficient to cover current and long-term liabilities.

## FAIR VALUE ESTIMATION

### (I) FINANCIAL INSTRUMENTS

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques (see note 12). The Group uses different methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates on the balance sheet date. The fair value of financial salmon contracts is determined using forward prices from Fish Pool.

### (II) ACCOUNTS RECEIVABLE AND PAYABLES

The nominal value less write-downs for realised losses on trade receivables and payables is assumed to correspond to the fair value of these items. The fair value of financial liabilities is assumed to be close to the book value, as they nearly all carry a floating interest rate.

### (III) BIOLOGICAL INVENTORIES

Fish in the sea is measured at estimated fair value. As a consequence, the value of biological inventories will likely vary more than the value of inventories based on cost. Fair value varies due to a number of reasons, including volatility in pricing of Atlantic salmon and factors related to production, unpredictability of biological production and changes in the composition of inventories.

A sensitivity analysis of the prices of salmon as at 31.12.2016 and 31.12.2015 shows the following impact on the Group's profit after tax (TNOK).

31 DECEMBER 2016		
Price reduction per kg	NOK 1	NOK 2
Reduced profit after tax	-21 838	-43 694
Price increase per kg	NOK 1	NOK 2
Increased profit after tax	21 838	43 694

31 DECEMBER 2015		
Price reduction per kg	NOK 1	NOK 2
Reduced profit after tax	-22 527	-45 050
Price increase per kg	NOK 1	NOK 2
Increased profit after tax	22 527	45 050

A sensitivity analysis of the full volume of Atlantic salmon as at 31.12.2016 shows the following impact on profit after tax (TNOK):

31 DECEMBER 2016		
Increased volume in tons	+ 10 %	
Increased profit after tax	151 681	
Reduced volume in tons	- 10 %	
Reduced profit after tax	-158 679	

31 DECEMBER 2015		
Increased volume in tons	+ 10 %	
Increased profit after tax	92 443	
Reduced volume in tons	- 10 %	
Reduced profit after tax	-83 860	

# NOTE 4

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The management is required to make estimates and assumptions concerning the future, which affect which accounting policies are to be used and reported amounts for assets, liabilities and contingent liabilities in the balance sheet, as well as income and expenses for the accounting year. Estimates and underlying assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be expectable under the present circumstances. The final results may diverge from these estimates. Changes in accounting estimates are included in the period when the estimates are changed.

### ESTIMATED IMPAIRMENT OF GOODWILL, LICENCES AND PROPERTY, PLANT AND EQUIPMENT

The Group tests annually whether goodwill and licences 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 of future cash flows from the cash-generating unit, and the application of a discount rate in order to calculate the present value of future cash flows. Expectations of future cash flows will vary over time. Changes in market conditions and expected cash flows can result in loss due to future value decrease. The value of long-term growth in demand, the competitive situation, the strength of the production link in the value chain and thereby also the expectations of the long-term profit margin are also of significance. The different parameters could variously affect the value of the licences over time. Any change in these critical assumptions will entail related write-downs, or the reversal of write-downs of the value of licences in accordance with the accounting policies described in note 2. Please also refer to note 8 for further remarks on tests related to value impairment.

### BIOLOGICAL ASSETS

The estimation of fair value is exposed to several uncertainties. Future price, period of harvesting, gutted weight, as well as remaining production cost. Salmon sale prices are extremely volatile. All these factors have impact on the calculation of fair value. The sales price is based on forward prices and/or the most relevant pricing information available for the period the fish is expected to be harvested. Changes in price assumptions have the highest impact on the estimate of fair value. Refer to note 3 disclosing a sensitivity analysis related to the price assumptions applied. The planned point of harvesting is assumed to be four kg, but this is also subject to significant estimation uncertainty connected to the estimated growth pace. An expected production cost is budgeted, which makes provisions for estimated feed prices, cost of treatment of lice and other emergency costs to avoid biological accidents. Similarly, the estimation is uncertain due to varying numbers of lice treatments to be carried out, the temperature at sea and other conditions affecting growth and cost. Please refer to note 2 Accounting principles and note 7 for further information on estimation and calculation of fish value/biological asset value.

# NOTE 5

## INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies closely related to the Group operation and included in the Group's value chain, are classified on a separate line in the EBIT. This applies where associated companies operate in the same position in the value chain as the Group. In Q1 2016, all shares in Salten Stamfisk AS were sold. The profit is posted on a separate line after EBIT. In December 2016, the share capital of Finnmark Brønnbåtrederi AS was written down with the Group's share and fully repaid. The share of profit/loss in 2016 is for the period January throughout May, when the agreement to leave Finnmark Brønnbåtrederi AS was executed.

2016	Equity interest 01.01.2016	Book value at 01.01.2016	Share of the result for the year	Changes in period, repaid capital and sale	Book value at 31.12.2016
<b>ASSOCIATED COMPANIES CLASSIFIED AS OPERATIONS</b>					
Finnmark Brønnbåtrederi AS	49,9 %	15 024	569	-15 593	-
<b>Total associated companies classified as operations</b>		<b>15 024</b>	<b>569</b>	<b>- 15 593</b>	<b>-</b>
<b>ASSOCIATED COMPANIES CLASSIFIED ON SEPARATE LINE AFTER EBIT</b>					
Salten Stamfisk AS	34,0 %	10 922	1 161	-12 083	-
<b>Total associated companies classified on separate line after EBIT</b>		<b>10 922</b>	<b>1 161</b>	<b>-12 083</b>	<b>-</b>
<b>Total investments in associated companies</b>		<b>25 947</b>	<b>1 730</b>	<b>-27 676</b>	<b>-</b>
2015	Equity interest	Book value at 01.01.2015	Share of the result for the year	Changes during the period	Book value at 31.12.2015
<b>ASSOCIATED COMPANIES CLASSIFIED AS OPERATIONS</b>					
Bokn Sjøservice AS	50,0 %	5 272	1 296	-6 568	-
Finnmark Brønnbåtrederi AS	49,9 %	9 325	5 698	0	15 024
<b>Total associated companies classified as operations</b>		<b>14 598</b>	<b>6 994</b>	<b>-6 568</b>	<b>15 024</b>
<b>ASSOCIATED COMPANIES CLASSIFIED ON SEPARATE LINE AFTER EBIT</b>					
Salten Stamfisk AS	34,0 %	7 780	3 142	0	10 922
<b>Total associated companies classified on separate line after EBIT</b>		<b>7 780</b>	<b>3 142</b>	<b>-</b>	<b>10 922</b>
<b>Total investments in associated companies</b>		<b>22 379</b>	<b>10 136</b>	<b>-6 568</b>	<b>25 947</b>

The following summarised preliminary financial information on individual associated companies for 2015 are on 100% basis. All companies have the same financial year as the Group. 2016 is not displayed, as the Group does not hold any share interests in any associated companies by year-end.

<b>2015</b>	Total assets at 31.12.2015	Total liabilities at 31.12.2015	Total equity at 31.12.2015	Operating income	Pre-tax profit/ loss
Finnmark Brønnbåtrederi AS	30 316	210	30 106	14 603	11 418
Salten Stamfisk AS	93 670	58 674	34 996	36 132	4 259

<b>SALE OF SHARES/REPAID SHARE CAPITAL IN ASSOCIATED COMPANIES</b>	Finnmark Brønnbåtrederi AS	Salten Stamfisk AS	Sum for 2016	Bokn Sjøservice AS	Sum for 2015
Repaid share capital	15 593		15 593		
Proceeds net of expenses		24 000	24 000	7 973	7 973
Book value on sales date	-15 593	-11 917	-27 510	-6 568	-6 568
Book profit	0	12 083	12 083	1 405	1 405

Book profit for Salten Stamfisk is included in the account line share of profit from associated company.

In 2015, all shares in Bokn Sjøservice AS were sold. Book profit is included in other gains/losses.



# NOTE 6

## SEGMENT INFORMATION

The operational segments are identified on the basis of the reports which the Group management (chief decision-maker) uses to assess performance and profitability at a strategic level.

The Group management assesses our business activities from a geographical standpoint, based on the location of assets. The Group has only one production segment: Production of farmed salmon. Geographically, the management assesses the results of production in Rogaland - Norway, Finnmark - Norway, BC - Canada and Shetland - UK.

The Group management assesses the results from the segments based on the EBIT before value adjustment of biological assets. The method of measurement excludes the effect of one-time costs, such as restructuring costs, legal costs on acquisition and amortisation of goodwill and intangible assets when amortisation is a result of an isolated event which is not expected to recur. The measurement method furthermore excludes the effect of cash-settled share options, as well as unrealised gains and losses on financial instruments.

The Group's customers are divided into different geographical markets. All sales from Norway, UK and Canada go through the sales company Ocean Quality AS, which is a sales company in collaboration with Bremnes Fryseri AS. Grieg Seafood ASA owns 60 % of Ocean Quality AS (see note 1 for further information). Norway therefore shows the aggregate figures for the Norwegian market. Ocean Quality is fully consolidated and exists as a part of the associated segment.

Geographical market - sales revenue	UK	Norway	Canada	Elim.	TOTAL 2016		TOTAL 2015	
EU	188 820	3 357 698	3 596	0	3 550 115	54 %	2 554 891	55 %
UK	503 507	257 567	0	0	761 076	12 %	335 785	7 %
USA	111 208	90 301	567 392	0	768 902	12 %	636 679	14 %
Canada	1 085	1 097	86 763	-2 582	86 364	1 %	125 226	3 %
Russia	0	0	0	0	1	0 %	196 927	4 %
Asia	79 693	1 049 867	34 288	0	1 163 850	18 %	708 613	15 %
Other markets	15 173	198 216	1 490	0	214 881	3 %	50 546	1 %
<b>Total</b>	<b>899 487</b>	<b>4 954 746</b>	<b>693 529</b>	<b>-2 582</b>	<b>6 545 187</b>	<b>100 %</b>	<b>4 608 667</b>	<b>100 %</b>

Geographical segments	Norway		Norway		Canada		UK	
	Rogaland		Finnmark		BC		Shetland	
	2016	2015	2016	2015	2016	2015	2016	2015
Sales revenues	1 140 398	661 204	1 244 255	797 872	611 223	573 900	859 815	773 526
Other income **]	5 923	1 316	22 797	0	4 215	22 064	8 571	21 540
Other gain/loss **]		3 191	1 477	2 158	-356	-2 427	2 685	436
Share of results from associated companies	21 791	5 488	14 636	8 712	0	6 820	0	148
Operating costs before depreciation	-668 302	-556 387	-771 718	-627 345	-511 319	-564 388	-646 899	-863 896
<b>EBITDA before fair value adjustment of biological assets</b>	<b>499 810</b>	<b>114 812</b>	<b>511 447</b>	<b>181 397</b>	<b>103 763</b>	<b>35 969</b>	<b>224 172</b>	<b>-68 246</b>
Depreciation, amortisation, and reversal	-33 054	-31 296	-64 316	-57 393	-23 237	-22 659	-47 614	-96 587
<b>EBIT before fair value adjustment of biological assets</b>	<b>466 756</b>	<b>83 516</b>	<b>447 131</b>	<b>124 004</b>	<b>80 526</b>	<b>13 310</b>	<b>176 558</b>	<b>-164 833</b>
Assets (excl. associated companies)	1 792 509	1 114 545	2 073 036	1 519 499	889 655	867 014	1 307 903	1 454 857
Associated companies	0	0	0	15 024	0	0	0	0
<b>Total assets - Group</b>	<b>1 792 509</b>	<b>1 114 545</b>	<b>2 073 036</b>	<b>1 534 523</b>	<b>889 655</b>	<b>867 014</b>	<b>1 307 903</b>	<b>1 454 857</b>
Liabilities	586 661	503 508	779 462	658 857	569 423	623 445	931 334	1 286 739
<b>Total liabilities - Group</b>	<b>586 661</b>	<b>503 508</b>	<b>779 462</b>	<b>658 857</b>	<b>569 423</b>	<b>623 445</b>	<b>931 334</b>	<b>1 286 739</b>

Segments	Others/eliminations *)		Grieg Seafood Group	
	2016	2015	2016	2015
Sales revenues	2 689 496	1 802 165	6 545 187	4 608 667
Other income **)	-487	0	41 019	44 920
Other gain/loss **)	13 580	-18 576	17 386	-15 218
Share of results from associated companies	-35 858	-14 174	569	6 994
Operating costs before depreciation	-2 664 261	-1 772 037	-5 262 499	-4 384 053
<b>EBITDA before fair value adjustment biological assets</b>	<b>2 470</b>	<b>-2 622</b>	<b>1 341 662</b>	<b>261 311</b>
Depreciation, amortisation, and reversal	-5 695	-5 634	-173 916	-213 569
<b>EBIT before fair value adjustment of biological assets</b>	<b>-3 225</b>	<b>-8 256</b>	<b>1 167 745</b>	<b>47 742</b>
Assets (excl. associated companies)	704 935	953 915	6 768 038	5 909 830
Associated companies	0	10 923	0	25 947
<b>Total assets - Group</b>	<b>704 935</b>	<b>964 838</b>	<b>6 768 038</b>	<b>964 838</b>
Liabilities	694 207	625 715	3 561 087	3 698 264
<b>Total liabilities - Group</b>	<b>694 207</b>	<b>625 715</b>	<b>3 561 087</b>	<b>3 698 264</b>

<b>EBIT FOR THE GROUP</b>	<b>2016</b>	<b>2015</b>
<b>EBIT before fair value adjustment of biological assets</b>	<b>1 167 745</b>	<b>47 742</b>
Fair value adjustment of biological assets (note 7)	515 741	33 209
<b>EBIT</b>	<b>1 683 486</b>	<b>80 951</b>
Share of result from associated companies (note 5)	12 083	3 142
Net financial items (note 23)	-134 733	-93 301
<b>Profit before tax</b>	<b>1 560 836</b>	<b>-9 208</b>
Estimated taxes	-338 505	13 574
<b>Profit of the year</b>	<b>1 222 332</b>	<b>4 366</b>

#### \*) Others/eliminations

Proportion of non-controlling owner interest (Bremnes Fryseri AS) is reported with ownership expense and other posts as an elimination. Proportion of sales revenues and other operational expenses from non-controlling ownership interests, get eliminated on subordinated account lines in column «Other/eliminations». Sales revenues from sales for Bremnes Fryseri AS amount to appr. MNOK 2.0, and other operational expenses including goods expense amount to appr. MNOK 1.9.

Other items comprise profit/loss from activities conducted by the parent company or other Group companies not geared for production. There are eliminations of internal transactions between the subsidiary and the parent company, as well as other posts related to the parent company.

#### \*\*) Other income/gain/loss

Other gain/loss include sale of shares and operating equipment, as well as foreign currency forward contracts recognised at fair value through profit/loss. Please refer to note 5 for return on sale of shares.

Other income is mainly the settlement of insurance and other services not directly related to production.

# NOTE 7

## BIOLOGICAL ASSETS AND OTHER INVENTORIES

	TONS		NOK 1000	
	2016	2015	2016	2015
Biological assets at 01.01.	48 089	51 258	1 929 117	1 844 097
Currency translation differences	N/A	N/A	-76 011	44 712
Increase due to production	75 839	80 846	2 437 747	2 382 410
Decrease due to extraordinary mortality/loss	-5 787	-3 265	-217 252	-104 526
Decrease due to sales	-72 515	-80 750	-2 125 984	-2 268 770
Fair value adjustment at 01.01	N/A	N/A	-312 479	-281 285
Fair value adjustment in connection with business acquisition	N/A	N/A	N/A	N/A
Fair value adjustment at 31.12	N/A	N/A	824 487	312 479
<b>Book value of biological assets at 31.12.</b>	<b>45 626</b>	<b>48 089</b>	<b>2 459 625</b>	<b>1 929 117</b>
Recognised fair value adjustment:				
Change in fair value adjustment of biological assets (1)			529 931	33 209
Change in physical supply contracts related to fair value adjustment of biological assets (2)			-37 078	-
Change in fair value of financial derivatives from salmon (Fish Pool contracts) (3)			22 888	-
<b>Total recognised fair value adjustment of biological assets</b>			<b>515 741</b>	<b>33 209</b>

Recognised value adjustment of biological assets include:

1. Fair value adjustment of biological assets
2. Fair value (liability) change in loss contracts, and
3. Change in unrealised gain/loss from financial purchases/sales contracts (derivatives) from fish at Fish Pool

Provisions allocated to future physical supply contracts that require fair value adjustment, is recorded as other current liabilities in the balance sheet. The contracts are calculated on basis of the same forward prices that apply to fair value calculation of biological assets. Provisions allocated to physical contracts covering fish under 4 kgs (immature), are recognised as a proportionate share corresponding to the principle of fair value calculation of biological assets. Value change in financial derivatives from salmon is recorded in the balance sheet as derivatives and other financial instruments. Financial derivatives are calculated at market value, refer to note 3 for further information.

For further information on accounting principles for biological assets, refer to note 2.

<b>STATUS OF BIOLOGICAL ASSETS AT 31.12.16</b>	Number of fish (1 000)	Biological assets (tons)	Accrued cost of production	Fair value adjustment	Book value
Smolt/broodstock/biological assets with round weight < 1 kg *)	30 630	4 833	382 150	0	382 150
Biological assets with round weight 1 - 4 kg	12 536	31 973	1 006 602	566 269	1 572 871
Biological assets with round weight > 4 kg	1 921	8 820	246 386	258 217	504 603
<b>Total</b>	<b>45 087</b>	<b>45 626</b>	<b>1 635 138</b>	<b>824 487</b>	<b>2 459 625</b>

\*) Fish < 1 kg is included in the group with smolts and broodstock

<b>STATUS OF BIOLOGICAL ASSETS AT 31.12.15</b>	Number of fish (1 000)	Biological assets (tons)	Accrued cost of production	Fair value adjustment	Book value
Smolt/broodstock/biological assets with round weight < 1 kg	35 055	5 753	434 136	0	434 136
Biological assets with round weight 1 - 4 kg	12 131	30 713	873 217	167 292	1 040 509
Biological assets with round weight > 4 kg	2 333	11 622	309 283	145 188	454 470
<b>Total</b>	<b>49 520</b>	<b>48 089</b>	<b>1 616 635</b>	<b>312 479</b>	<b>1 929 115</b>

<b>BASIS FOR VALUES 31.12.16:</b>		BC	Shetland	Norway
Weighted price in relation to volume	> 4 kg	CAD 11,95	GBP 7,25	NOK 72,49
Weighted price in relation to volume	1 - 4 kg	CAD 10,50	GBP 6,55	NOK 65,68
Source		Fish Pool	Fish Pool	Fish Pool

Forward prices from Fish Pool as stated above are deducted of expected quality reduction and before logistics expenses. The standard deduction for quality reduction is considered. Forward prices are weighted in relation to intended harvesting period. The price for BC is based on forward price in Norway adjusted for own historical difference in price levels between Norway and Canada. The same principle applies to Shetland. Self-budgeted harvesting and logistics expenses are assumed. Forward exchange rates are used to translate price into CAD and GBP relative to the period of harvesting.

<b>OTHER INVENTORIES</b>	<b>2016</b>	<b>2015</b>
Raw materials (feed) at cost price	73 989	72 363
Roe	10 336	11 810
Other (frozen fisk, supplementary products)	4 839	6 694
<b>Total inventories</b>	<b>89 164</b>	<b>90 867</b>
Impairment of inventories accounted for at year-end	1 571	1 027
<b>PURCHASE COST OF THE YEAR</b>	<b>2016</b>	<b>2015</b>
Inventories at 01.01 (inverted number)	-90 867	-91 016
Purchases for the year (incl. Change in accrued cost of production)	-3 285 456	-2 738 777
Inventories at 31.12.	89 164	90 867
<b>Purchase cost of the year</b>	<b>-3 287 159</b>	<b>-2 738 926</b>

The purchase cost of the year mainly comprises feed, roe, recognition of extraordinary mortality, and external purchase of fish in the sales company Ocean Quality.

The Group applies an internal rule of impairment in cases of extraordinary loss/mortality. Such impairment is recognised on a straight-line basis as parts of goods expenses through profit/loss. Information about recognised fair value of extraordinary loss/mortality is based on the same rule as calculation of fair value-adjusted biological assets.

Below follows an overview of impairment related to extraordinary loss/mortality (production cost), as well as associated fair value of the fish reduced to NOK 0.

EXTRAORDINARY LOSS/MORTALITY	2016		2015	
	Cost of production	Fair value	Cost of production	Fair value
Rogaland	18 039	22 622	16 660	26 191
Finnmark	71 770	93 919	10 448	12 044
Shetland	52 233	97 414	39 061	49 030
British Columbia	46 372	56 930	38 357	40 399
<b>Total</b>	<b>188 414</b>	<b>270 885</b>	<b>104 526</b>	<b>127 664</b>

2016	Number of fish (1 000)	Biological assets (tons)	Accrued cost of production	Fair value adjustment	Fair value
Smolt/broodstock/biological assets with round weight < 1 kg	1 121	629	28 228	0	28 228
Biological assets with round weight 1 - 4 kg	2 048	4 183	132 188	66 827	199 015
Biological assets with round weight > 4 kg	208	975	27 997	15 644	43 642
<b>Total</b>	<b>3 377</b>	<b>5 787</b>	<b>188 414</b>	<b>82 471</b>	<b>270 885</b>

2015	Number of fish (1 000)	Biological assets (tons)	Accrued cost of production	Fair value adjustment	Fair value
Smolt/broodstock/biological assets with round weight < 1 kg	1 129	603	25 311	0	25 311
Biological assets with round weight 1 - 4 kg	518	1 438	43 803	15 572	59 375
Biological assets with round weight > 4 kg	296	1 224	35 411	7 566	42 978
<b>Total</b>	<b>1 944</b>	<b>3 265</b>	<b>104 525</b>	<b>23 138</b>	<b>127 664</b>

In Rogaland the main cause of extraordinary loss/mortality is PD (Pancreas Disease). In the first half of 2016 mortality due to heart failure (CMS) was also registered.

In Finnmark mainly IPN (Infectious Pancreatic Necrosis), Yersiniiose, Pavidcapsula and Tenacibaculum cause extraordinary mortality, as well as detection of ISA (Infectious Salmon Anaemia) in one location at year-end, which implied following the locality.

In Shetland, sea lice, gill problems, planktonic algae, AGD (Amoebic Gill Disease) and seal have caused mortality both years.

In BC, mortality occurs due to low levels of oxygen in the sea, as well as planktonic algae. Furunculosis has also been a challenge in the fish hatchery, both in 2015 and first half of 2016, causing impairments.

2016 saw three occurrences of escape, one in Finnmark and two in Shetland. All three occurrences were caused by routine failure at commissioned wellboats. In Shetland, connected expenses were covered by the wellboat company. In Finnmark, the number of fish was low and connected costs were insignificant. For more information, refer to the sustainability report.



# NOTE 8

## INTANGIBLE ASSETS

2016	Goodwill	Fish farming licences indefinite lives	Fish farming licences definite lives	Other intangible assets	Total
Book value at 01.01.	110 647	1 067 433	25 905	16 993	1 220 977
Currency translation differences	-2 052	-34 338	190	4	-36 194
Intangible assets purchased	0	2 786	0	4 283	7 069
Intangible assets sold	0	0	0	0	0
Amortisation	0	0	-1 353	-3 683	-5 036
<b>Book value at 31.12.</b>	<b>108 595</b>	<b>1 035 881</b>	<b>24 742</b>	<b>17 598</b>	<b>1 186 815</b>

As at 31.12.					
Acquisition cost	198 198	1 035 894	52 027	35 723	1 321 842
Accumulated amortisation	0	-13	-27 285	-18 126	-45 424
Accumulated impairment	-89 603	0	0	0	-89 603
<b>Book value at 31.12.</b>	<b>108 595</b>	<b>1 035 881</b>	<b>24 742</b>	<b>17 598</b>	<b>1 186 815</b>

Other intangible assets consist mainly of software.

2015	Goodwill	Fish farming licences indefinite lives	Fish farming licences definite lives	Other intangible assets	Total
Book value at 01.01.					
Currency translation differences	1 154	20 140	-243	29	21 080
Intangible assets purchased	784	4 048	4 566	9 253	18 651
Intangible assets sold	0	0	0	0	0
Amortisation	0	-13	-1 344	-3 806	-5 163
<b>Book value at 31.12.</b>	<b>110 647</b>	<b>1 067 433</b>	<b>25 905</b>	<b>16 993</b>	<b>1 220 977</b>

As at 31.12.					
Acquisition cost	200 250	1 067 446	51 837	31 436	1 350 968
Accumulated amortisation	0	-13	-25 932	-14 443	-40 388
Accumulated impairment	-89 603	0	0	0	-89 603
<b>Book value at 31.12.</b>	<b>110 647</b>	<b>1 067 433</b>	<b>25 905</b>	<b>16 993</b>	<b>1 220 977</b>

## LICENSES

The tables below display an overview of the different licenses in the Group. See note 2 for further information about licenses.

UK	
FARM/AREA	Capacity (tons)
Bight of Foraness	1 546
Boatsroom Voe	216
Cole Deep	2 178
Coleness	752
Collafirth Delting Site 3	1 500
Corlarach	1 602
East of Langa	1 643
East of Papa Little	1 750
Easter Score Holm	2 500
Fish Holm	1 910
Geo of Valladale (Urafirth)	809
Gob na Hoe	2 021
Hamar Sound	738
Hamnavoe, Lunnans	1 910
Laxfirth Voe East (Site 2)	942
Leinish Bay	1 700
Linga (South of Linga)	2 299
Muckle Roe East (Heights)	350
North Havra	1 496
North of Papa	1 776
North Voe	1 920
Olnafirth North (Site 2)	300
Olnafirth South (Site 1)	1 000
Papa, East Head of Scalloway	1 500
Punds Voe	960
Roe Sound	350
Setter Voe	987
Setterness North	2 500
Setterness South	2 358
Snizort	2 125
South Voe of Gletness	750
Spoose Holm (Oxna)	1 500
Swining Voe Site 3 (Collafirth Ness)	1 920
Taing of Railsborough	1 043
Wadbister Inshore	800
West of Burwick	1 923
<b>Total</b>	<b>51 572</b>

CANADA	
FARM/AREA	Capacity (tons)
Ahlstrom	1 100
Atrevida	3 300
Barnes bay	3 000
Bennet Point	4 400
Conception	4 100
Culloden	1 500
Esperanza	3 600
Gore	4 100
Hecate	4 000
Kunechin	1 500
Muchalat N.	4 100
Muchalat S.	3 900
Newcomb	1 000
Salten	1 500
Site 13	900
Site 9	1 500
Streamer Point	3 600
TSA-YA	3 000
Vantage	1 500
Williamson	3 900
WA-KWA	2 500

**Total 58 000**

NORWAY		
LICENSE CATEGORY	Total number	Total volume
Seawater licenses	37	33 435 tn
R&D permit	1	780 tn
Broodstock	3	2 340 tn
Smolt	4	12 700 000 pcs
Harvesting cage	2	1 106 tn

## IMPAIRMENT TEST FOR GOODWILL AND LICENCES

Goodwill and licences were not impaired in 2016 or 2015. Goodwill and licences with an indefinite economic life are subject to an annual impairment test. Tests are performed more frequently if there are indications of impairment. Licences with definite useful lives are tested for impairment only if there are indications of a decline in value. Estimated value in use is used as a basis for calculating the recoverable amount. Impairment occurs when the carrying value is higher than the recoverable amount.

Cash generating unit	Location	Book value of related goodwill	Book value of licences	Total
BC - Canada	Canada	10 177	162 021	172 198
Finnmark	Norge	0	299 814	299 814
Shetland - UK	UK	77 955	463 814	541 769
Rogaland	Norge	20 463	134 973	155 436
<b>Total value</b>		<b>108 595</b>	<b>1 060 622</b>	<b>1 169 217</b>

Goodwill relates to the acquisition of the subsidiary companies. Goodwill is allocated to the Group's cash-generating units (CGU) identified according to the operating segment. An annual impairment test for goodwill and licenses is carried out. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets from the respective cash generating units covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The estimated growth rate corresponds with expected inflation.

#### THE ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS ARE AS FOLLOWS:

Unit	BC - Canada	Finnmark	Shetland - UK	Rogaland
Budget period	3 years	3 years	3 years	3 years
Increase in revenues in budget period	43 %	20 %	4 %	-18 %
EBITDA margin 1)	28% - 31%	27% - 42%	33% -43%	26% -44%
EBITDA margin in terminal period	21 %	27 %	19 %	26 %
Harvest growth - tons 2)	61 %	59 %	50 %	18 %
Required rate of return 3)	7,5 %	7,5 %	7,5 %	7,5 %
Growth rate 4)	1,0 %	1,0 %	1,0 %	1,0 %

As stated above, the budget period/explicit period is 3 years. Estimated increase in revenue in the budget period thus indicates revenue increase in 2019 compared to income in 2016.

Estimated future price levels are calculated from Fish Pool's projections and takes into account quality reduction and freight. The projected prices for 2018 and 2019 are lower than projections for 2017.

Other comments/explanations to assumptions in the impairment test is presented below; historical price levels and forward markets.

1. Budgeted EBITDA margin. The margin increases through the budget period, due to higher output in all regions.
2. The growth rate of the harvested volume in the budget period (nominal growth rate) measured against 2016 volume. Over time a corresponding increase in output is assumed.
3. Weighted required return on capital employed before tax. Cash flow forecasts are thus estimated before taxes.
4. Weighted average growth rate used to extrapolate cash flows beyond the budget period. In the years after 2019, the annual reinvestment is assumed to be equal to the annual depreciation.

#### EBITDA MARGIN IN BUDGET AND TERMINAL PERIOD

The budgeted EBITDA margin is based on past performance, expected cost of production and expectations of market development. All regions are subject to an assumed increase in gutted weight output throughout the budget period. The increased harvest volume is based on an increase in utilisation of existing production capacity and licenses, reflecting the new smolt strategy.

The Group has an internal investment programme the following years in order to significantly increase the internal smolt production. This will ensure access to a higher number of and larger size of smolts, which is conclusive to achieve a higher overall production volume. Larger smolt will also decrease the production time in sea, which in turn will reduce the biological risk level. The strategy furthermore allows for an improved utilisation of the best localities. Overall, this will contribute to reducing the cost measured per kg.

Finnmark has been granted 4 green licenses, and the expectation is to achieve a harvesting volume slightly exceeding 1,300 tons per year per license in this region. It is therefore assumed a significant increase in harvest volumes. An effort is carried out to arrange with new localities in the region. In sum, this allows for an increased number of smolt in the sea.

In Rogaland, an increase in harvest volumes is assumed through increased smolt capacity (both number and size) as well as new localities.

In the UK, the hatchery has been completed, and the production follows schedule. A new biological scheme is being implemented, reducing time in sea from 24 months to 18 months and thus bringing down the biological risk. The implementation will be complete in the course of 2017.

In BC, a significant increase in harvesting volumes is assumed through the budget period. The growth target will be ensured through improved production in the region's hatchery, as well as measures to reduce the negative effects on production-in-sea from algae and depressed oxygen levels.

The assumptions in the terminal are based on the budget for 2019, but with some adjustments to reflect EBIT/kg in the benchmark and the Group's own historical results. The applied discount rates are pre-tax and reflect specific risks relating to the relevant operating segments.

#### SENSITIVITY ANALYSIS

Value-in-use is sensitive to changes in the assumptions made. The most important are requirement for return and EBIT/kg. A sensitivity analysis has been carried out based on these assumptions, with an isolated requirement to increase return rate by 2 %-points, and reduce EBIT/kg by NOK 2. The conclusion of the analysis is still no need for impairment in any of the segments.

# NOTE 9

## TANGIBLE FIXED ASSETS

2016	Buildings/ property	Prod.plants and barges	Nets, cages and moorings	Other equipment	Total
Book value at 01.01.	418 318	634 414	350 242	131 795	1 534 770
Currency translation differences	-30 860	-53 537	-18 680	3 983	-99 094
Reclassification of fixed assets	-15 574	-18 805	5 119	29 260	0
Tangible fixed assets acquired *)	38 332	76 275	96 244	36 932	247 783
Tangible fixed assets sold	-1 353	-1 738	-14	-1 096	-4 200
Reversal of impairments **)	0	6 304	0	168	6 472
Depreciation	-22 524	-60 969	-65 716	-26 143	-175 352
<b>Book value 31.12.</b>	<b>386 340</b>	<b>581 945</b>	<b>367 195</b>	<b>174 899</b>	<b>1 510 379</b>

AS AT 31.12.					
Acquisition cost	588 355	1 331 920	907 856	319 457	3 147 587
Accumulated depreciation	-202 015	-710 084	-540 661	-144 726	-1 597 486
Accumulated impairments	0	-39 891	0	168	-39 723
<b>Book value at 31.12.</b>	<b>386 340</b>	<b>581 945</b>	<b>367 195</b>	<b>174 899</b>	<b>1 510 379</b>
<b>Book value of finance leasings included above</b>	<b>1 436</b>	<b>156 601</b>	<b>135 760</b>	<b>102 540</b>	<b>396 337</b>
<b>Depreciation of finance leasings included above</b>	<b>-50</b>	<b>-12 219</b>	<b>-22 085</b>	<b>-12 001</b>	<b>-46 356</b>
<b>Of which book value of property not depreciable</b>	<b>24 873</b>				

2015	Buildings/ property	Prod.plants and barges	Nets, cages and moorings	Other equipment	Total
Book value at 01.01.	362 070	687 432	296 702	78 748	1 424 952
Currency translation differences	14 989	33 205	8 646	-76	56 764
Reclassification of fixed assets	28 030	-28 314	2 302	-2 017	0
Tangible fixed assets acquired*	29 651	58 193	103 120	73 086	264 050
Tangible fixed assets sold	0	-850	-1 556	-184	-2 590
Impairments ***)	0	-46 195	0	0	-46 195
Depreciation	-16 421	-69 056	-58 972	-17 763	-162 211
<b>Book value at 31.12.</b>	<b>418 318</b>	<b>634 414</b>	<b>350 242</b>	<b>131 795</b>	<b>1 534 770</b>

AS AT 31.12.					
Acquisition cost	597 809	1 329 725	825 186	250 378	3 003 098
Accumulated depreciation	-179 491	-649 116	-474 945	-118 583	-1 422 134
Accumulated impairments	0	-46 195	0	0	-46 195
<b>Book value at 31.12.</b>	<b>418 318</b>	<b>634 414</b>	<b>350 242</b>	<b>131 795</b>	<b>1 534 770</b>
<b>Book value of finance leasings included above</b>	<b>1 284</b>	<b>178 955</b>	<b>115 676</b>	<b>95 843</b>	<b>391 757</b>
<b>Depreciation of finance leasings included above</b>	<b>-33</b>	<b>-17 821</b>	<b>-16 367</b>	<b>-8 109</b>	<b>-42 330</b>
<b>Of which book value of property not depreciable</b>	<b>23 405</b>				

\*) Investments mainly comprise maintenance, plus investments in order to initiate production of the green licenses in Finnmark.

\*\*) Previously impaired equipment in Shetland has been sold in 2016. Depreciation has been reversed through profit/loss.

\*\*\*) In Q3 2015, it was decided to sell the smokehouse and filleting production in Shetland. In this connection, impairment of equipment belonging to this production has been made.

# NOTE 10 BORROWINGS AND FINANCE LEASING

The Group has a financing agreement through a bank syndicate, where DNB and Nordea own 50 % each. The financing agreement consists of a total frame of MNOK 1 910, of which a long-term credit facility of MNOK 700. As at 31 December 2016, the credit facility had not been utilised.

The financing agreement includes covenants related to consolidated equity of 35% (not including Ocean Quality), a revolving NIBD / EBITDA ratio of 5.0 if the book equity ratio is higher than 40% and 4.5 if the book equity ratio is between 35% and 40%. As at year-end 2016 the equity ratio was 52 % and NIBD/EBITDA ratio 0.7 not including the consolidated Ocean Quality company. Hence, the Company is in compliance with all covenants at year-end.

A factoring agreement has been concluded with Ocean Quality AS in Norway and UK. Credit insured receivables are transferred to the factoring companies. This ensures early settlement of receivables. The Group still retains the risk related to accounts receivable. Funding received from the factoring company before the counterparty has paid is recognised as factoring debt, which is interest bearing. The factoring agreement includes covenants comprising a.o. required minimum book equity in Ocean Quality AS. As at 31 December 2016, Ocean Quality Group was in compliance with all covenants.

<b>NON-CURRENT LIABILITIES AND FINANCE LEASING OBLIGATIONS (INTEREST-BEARING DEBT)</b>	<b>2016</b>	<b>2015</b>
Liabilities to credit institutions before amortisation effect	985 000	1 075 000
Long-term credit facility	0	450 000
Finance leasing liabilities	250 452	272 968
<b>Total</b>	<b>1 235 452</b>	<b>1 797 968</b>
<b>NON-CURRENT LIABILITIES, NON-INTEREST BEARING</b>		
Subordinated loans	15 963	21 425
Other long-term non-interest bearing borrowings	0	954
<b>Total</b>	<b>15 963</b>	<b>22 379</b>
Amortisation effect of loans	-5 126	-6 739
<b>Total non-current loans and finance leasing liabilities</b>	<b>1 246 289</b>	<b>1 813 608</b>
<b>CURRENT INTEREST-BEARING LIABILITIES</b>		
Current portion of long-term borrowings	90 000	91 464
Current portion of finance leasing liabilities	67 116	61 008
Factoring debt	502 535	338 231
Export loans	8 490	10 458
<b>Total current interest-bearing liabilities</b>	<b>668 141</b>	<b>501 161</b>
<b>NET INTEREST-BEARING DEBT</b>		
Total non-current interest-bearing liabilities (see above)	1 235 452	1 797 968
Total current interest-bearing liabilities (see above)	668 141	501 161
<b>Gross interest-bearing debt</b>	<b>1 903 593</b>	<b>2 299 129</b>
Cash and cash equivalents	503 612	392 020
Loans to associated companies	0	0
Other interest-bearing assets	0	0
<b>Net interest-bearing debt</b>	<b>1 399 981</b>	<b>1 907 109</b>
Quote of factoring debt	502 535	338 231
Quote of Bremnes' share of bank OQ AS (40 %)	8 873	0
<b>Net interest-bearing debt, according to covenants</b>	<b>906 319</b>	<b>1 568 878</b>



<b>PAYMENT PROFILE NON-CURRENT LIABILITIES</b>	2017	2018	2019	2020	Subseq.	Total
Non-current non interest-bearing liabilities	0	0	0	0	15 963	15 963
Borrowings	90 000	90 000	889 874	0	0	1 069 874
Non-current credit facility	0	0	0	0	0	0
Finance leasing liabilities	67 116	57 216	47 577	34 079	111 581	317 568
<b>Total</b>	<b>157 116</b>	<b>147 216</b>	<b>937 451</b>	<b>34 079</b>	<b>127 544</b>	<b>1 403 405</b>

<b>LIABILITIES SECURED BY MORTGAGE/CHARGE ON ASSETS:</b>	2016	2015
<b>Liabilities to credit institutions incl. finance leasings</b>	<b>1 903 593</b>	<b>2 299 129</b>

<b>ASSETS PLEDGED AS SECURITY</b>	2016	2015
Licenses	1 060 622	1 093 338
Fixed assets	1 510 379	1 534 770
Accounts receivable	800 591	581 904
Inventories and biological assets	2 548 789	2 019 982
<b>Total assets pledged as security</b>	<b>5 920 381</b>	<b>5 229 994</b>

Pledges include shares in subsidiaries. The book value of these shares is NOK 0 in the consolidated accounts.

<b>DESCRIPTION OF DEBT</b>	Currency	Fixed or floating interest rate	Effective interest rate	Final maturity (mth/year)	Current portion	Non-current portion	Current portion	Non-current portion
<b>GRIEG SEAFOOD ASA</b>					<b>2016</b>		<b>2015</b>	
Syndicate loan non-current	NOK	Floating	Price grid	06/2019	90 000	979 874	90 000	1 068 261
Syndicate loan - credit facility*)	NOK	Floating	Price grid	06/2019	0	0	0	450 000
Other loans	NOK	Floating	Price grid	10/2016	0	0	1 464	0
<b>GRIEG SEAFOOD SHETLAND</b>								
SLAP	GBP	Floating	0,0 %	12/2018	0	0	0	954
<b>OCEAN QUALITY</b>								
Export loan	GBP		5,50 %		8 490	0	10 458	0
Factoring debt	Multiple	Floating			502 535	0	338 231	0
Finance leasings liabilities					67 116	250 452	61 008	272 968
Subordinated loan					0	15 963	0	21 425
<b>Total</b>					<b>668 141</b>	<b>1 246 289</b>	<b>501 161</b>	<b>1 813 608</b>

<b>BOOK VALUE OF GROUP LOANS BY CURRENCY (NOK 1000)</b>	<b>31.12.16</b>	NOK	GBP	Other currencies
Syndicate loan non-current	1 069 874	1 069 874	-	-
Syndicate loan - credit facility	-	-	-	-
Other loans	-	-	-	-
Export loan	8 490	-	8 490	-
Factoring *)	502 535	44 465	96 252	361 818
Finance leasings	317 568	288 816	28 752	-
Subordinated loan	15 963	15 963	-	-
<b>Total borrowings and finance leasings</b>	<b>1 914 430</b>	<b>1 419 118</b>	<b>133 493</b>	<b>361 818</b>

\*) Other currency effects comprise mainly EUR, JYP and USD

	<b>2016</b>	<b>2015</b>
Average interest rate on loans and credit facility	3,53 %	4,70 %

By calculation of average interest-rate on loans and credit facilities the effect of interest-rate swap is taken into account.

<b>BOOK VALUE AND FAIR VALUE OF BORROWINGS</b>	Book value		Fair value	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Loan (non-current and credit facility)	979 874	1 608 261	979 874	1 608 261
<b>Total</b>	<b>979 874</b>	<b>1 608 261</b>	<b>979 874</b>	<b>1 608 261</b>

The book value of other loans is virtually the same as the fair value.

# NOTE 11

## LEASE CONTRACTS

### OPERATING LEASE COMMITMENTS - GROUP COMPANY AS LESSEE

The Group leases offices, docks, berths, etc. with duration tenancies between 5 and 10 years. The group also leases plant and machinery under cancellable finance leasing agreements. The Group must give written notification in case of termination of these agreements, in order to make the termination valid. The Group has a property lease agreement with its biggest shareholder, with a lease contract period out 2018. Annual lease amount is MNOK 1.5. Refer to note 22 Related parties.

The future aggregate minimum lease payments under operating leases are as follows:

OVERVIEW OF FUTURE MINIMUM OPERATING LEASES	Within 1 year	1-5 years	Sub-sequently	Total
Minimum lease amount	95 029	253 970	134 700	483 698
Present value of future minimum lease amount (5% discount rate)	90 504	224 806	105 541	420 851

	2016	2015
Lease amount charged in the year	52 660	32 261
<b>Total lease amount charged</b>	<b>52 660</b>	<b>32 261</b>

### FINANCE LEASING COMMITMENTS - GROUP COMPANY AS LESSEE

The Group has signed finance leasings for equipment such as barges, well boats, cage installations and other equipment.

The lease period for equipment of this kind is mainly 7 - 8 years.

The future aggregate minimum lease payments related to finance leasings are as follows:

OVERVIEW OF FUTURE MINIMUM LEASE AMOUNT (FINANCE LEASINGS)	Within 1 year	1-5 years	Sub-sequently	Total
Future minimum lease amount	76 279	185 777	91 424	353 479
Future financial expenses related to finance leasings	9 095	19 568	7 248	35 911
<b>Present value of finance leasings</b>	<b>67 184</b>	<b>166 209</b>	<b>84 176</b>	<b>317 568</b>

LEASED ASSETS BOOKED AS FINANCE LEASING	2016	2015
Book value of leased assets (equipment, vessels)	396 337	391 757
Book value of lease commitment	317 568	333 976

# NOTE 12 FINANCIAL INSTRUMENTS BY CATEGORY

<b>AS AT 31 DECEMBER 2016</b>	Level	Lendings and receivables	Assets at fair value through profit or loss	Derivatives used for hedging purposes	Available-for-sale financial assets	Total
Available-for-sale financial assets	2/3				1 445	1 445
Accounts receivable		800 591				800 591
Other receivables		167 413				167 413
Derivatives	2			48 994		48 994
Cash and cash equivalents		503 613				503 613
<b>Total</b>		<b>1 471 618</b>	<b>0</b>	<b>48 994</b>	<b>1 445</b>	<b>1 522 057</b>

	Level		Liabilities at fair value through profit or loss	Derivatives used for hedging purposes	Other financial liabilities	Total
Borrowings					1 085 837	1 085 837
Finance leasing liabilities					317 568	317 568
Factoring debt					502 535	502 535
Export loan					8 490	8 490
Cash-settled options					11 360	11 360
Derivatives	2		23 990			23 990
Accounts payable			493 534			493 534
<b>Total</b>			<b>517 524</b>	<b>0</b>	<b>1 925 790</b>	<b>2 443 314</b>

<b>AS AT 31 DECEMBER 2015</b>	Level	Lendings and receivables	Assets at fair value through profit or loss	Derivatives used for hedging purposes	Available-for-sale financial assets	Total
Available-for-sale financial assets	2/3				1 426	1 426
Accounts receivable		581 904				581 904
Other receivables		148 434				148 434
Derivatives	2	0				0
Cash and cash equivalents		392 020				392 020
<b>Total</b>		<b>1 122 358</b>	<b>0</b>	<b>0</b>	<b>1 426</b>	<b>1 123 784</b>

	Level		Liabilities at fair value through profit or loss	Derivatives used for hedging purposes	Other financial liabilities	Total
Borrowings					1 632 104	1 632 104
Finance leasing liabilities					333 976	333 976
Factoring debt					338 231	338 231
Export loan					10 458	10 458
Pension obligations and cash-settled options			10 137			10 137
Derivatives	2			27 104		27 104
Accounts payable			653 083			653 083
<b>Total</b>			<b>663 220</b>	<b>27 104</b>	<b>2 314 769</b>	<b>3 005 093</b>

The purpose of the derivatives is to reduce the Group's exposure to changes in floating interest rates and exchange rates. See notes 2-3 for further details.

## FAIR VALUE ASSESSMENT

The table above shows the fair value of financial instruments according to the valuation method used. The different levels are defined as follows:

Level 1 - Fair value based on the quoted price in an active market for an identical asset or liability.

Level 2 - Fair value based on other observable factors than the quoted price (used in level 1) and entered directly (price) or indirectly (derived from prices) for the asset or the liability.

Level 3 - Fair value based on factors not taken from observable markets (non-observable assumptions).

## CREDITWORTHINESS OF FINANCIAL ASSETS

The credit risk attached to financial instruments that have not matured or which have not been written down is shown by the internal classification of historical information on breaches of credit covenants. Further information about credit risk is provided in note 3.

	2016	2015
<b>ACCOUNTS RECEIVABLE</b>		
Counterparties with no external credit assessment		
Group 1	225 579	22 770
Group 2	538 002	445 074
Group 3	37 010	114 060
<b>Total accounts receivable that have not been written down</b>	<b>800 591</b>	<b>581 904</b>
<b>BANK DEPOSITS</b>		
AAA	0	0
AA	503 613	392 020
A	0	0
<b>Total bank deposits</b>	<b>503 613</b>	<b>392 020</b>

Group 1 - new customers/related parties (less than 6 months).

Group 2 - existing customers/related parties (more than 6 months) with no history of having breached credit covenants.

Group 3 - existing customers/related parties (more than 6 months) with a history of one or more breaches of credit covenants. All amounts due have been paid in full after the breaches.



# NOTE 13

## TAX

AMOUNTS IN NOK 1000 SPECIFICATION OF TAX EXPENSE	2016	2015
Tax payable Norway	171 085	22 371
Tax payable abroad	972	2 175
Tax payable not provided for last year	3 816	-266
Change in deferred tax Norway	91 398	-1 344
Change in deferred tax abroad	71 235	-36 510
<b>Taxes</b>	<b>338 506</b>	<b>-13 574</b>
<b>TAX RECONCILIATION</b>		
Profit before tax	1 560 835	-9 208
Taxes calculated at nominal tax rates	366 200	12 194
Withholding tax	2 954	366
Changes in deferred tax liabilities due to change in tax rate	-18 401	-31 613
Use of carryforwards, not recognised earlier	-502	-
Tax loss carried forward, not recognised	-9 976	-1 057
Other permanent differences	-1 769	6 536
<b>Taxes</b>	<b>338 506</b>	<b>-13 574</b>
<b>CHANGE IN BOOK VALUE OF DEFERRED TAX</b>		
Book value at 01.01.	528 723	558 140
Currency conversion	-165	-81
Tax effect of deferred tax liabilities	7 741	707
Tax effect of currency effect of net investments recognised in comprehensive income (see note 3)	-20 142	13 533
Other effects	-4 107	-5 722
Change in deferred tax taken to income in period	162 633	-37 854
<b>Deferred tax liability at balance sheet date</b>	<b>674 684</b>	<b>528 723</b>
<b>Weighted average tax rate</b>	<b>21,69 %</b>	<b>147,42 %</b>

The nominal tax rate in Norway is 25 %. The nominal tax rate for 2016 in Canada was 26 % and on Shetland 20 %.

The considerable tax effect is attributed to a change in tax rate and other permanent differences.

The following tables show the composition of deferred tax. The tax effects of taxable and deductible temporary differences are shown separately. Both the Norwegian, Canadian and UK part of the Group, have a net deferred tax position. Deferred tax and deferred tax assets within Norway, Canada and UK can be set off.

<b>DEFERRED TAX</b>	Licenses	Fixed assets	Biological assets	Receivables	Inventory	Deferred capital gain	Current liabilities	Total
<b>2015</b>								
Opening balance at 01.01.	180 102	42 363	310 506	40 220	3 064	1 209	0	577 464
Taken to income in the period	-3 772	-1 557	-3 406	10 273	-1 257	-534	-	-253
Currency translation differences	2 589	438	597	-	-36	-	-	3 588
Other effects	-	-	480	-65	777	-	-	1 192
Effect of business combinations	739	-	-	-	-	-	-	739
<b>As at 31.12.</b>	<b>179 658</b>	<b>41 244</b>	<b>308 177</b>	<b>50 428</b>	<b>2 548</b>	<b>675</b>	<b>0</b>	<b>582 730</b>

<b>2016</b>								
Taken to income in the period	-5 779	5	138 911	-30 408	1 382	-150	-	103 962
Currency translation differences	-4 034	-1 353	-1 531	0	14	-	-	-6 904
Other effects	-	1 623	2 635	-	96	-	-	4 354
Effect of business combinations	-	-	-	-	-	-	-	-
<b>As at 31.12.</b>	<b>169 845</b>	<b>41 519</b>	<b>448 192</b>	<b>20 020</b>	<b>4 041</b>	<b>525</b>	<b>0</b>	<b>684 143</b>

<b>DEFERRED TAX ASSETS</b>	Loss carried forward	Fixed assets	Pensions	Receivables	Lease obligations	Tax credits	Other liabilities	Total
<b>2015</b>								
Opening balance at 01.01.	-13 017	-	-	-185	-	-6 364	243	-19 324
Taken to income in the period	-37 742	-	-	-261	-	6 324	-5 925	-37 604
Currency translation differences	-3 727	-	-	-	-	40	19	-3 668
Other effects	6 824	-	-	-	-	-	-203	6 621
Effect of business combinations	-32	-	-	-	-	-	-	-32
<b>As at 31.12.</b>	<b>-47 694</b>	<b>-</b>	<b>-</b>	<b>-446</b>	<b>-</b>	<b>-</b>	<b>-5 866</b>	<b>-54 006</b>

<b>2016</b>								
Taken to income in the period	53 947	-	-	-1 116	-	-	5 842	58 672
Currency translation differences	6 755	-	0	-	-0	0	-16	6 739
Other effects	-29 286	-	-	-	-	-	-94	-29 380
Effect of business combinations	8 516	-	-	-	-	-	-	8 516
<b>As at 31.12.</b>	<b>-7 761</b>	<b>-</b>	<b>-</b>	<b>-1 562</b>	<b>-0</b>	<b>0</b>	<b>-135</b>	<b>-9 458</b>

							<b>2016</b>	<b>2015</b>
<b>Net deferred tax</b>							<b>674 684</b>	<b>528 723</b>
All deferred tax is classified as non-current assets							-	10 317
Deferred tax is classified as non-current debt							674 684	539 040
Tax payable is classified as current debt							172 057	24 545

**NET DEFERRED TAX TAKEN INTO INCOME:**

	2016	2015
Changes in deferred tax, Norway	91 398	-1 344
Changes in deferred tax, other countries	71 235	-36 510
<b>Net deferred tax taken into income</b>	<b>162 633</b>	<b>-37 854</b>
Recognition in the period for positions that incur deferred taxes	103 962	-252
Recognition in the period for positions that incur deferred tax assets	58 672	-37 602
<b>Net deferred tax taken into income</b>	<b>162 633</b>	<b>-37 854</b>

**LOSS CARRIED FORWARD**

Deferred tax assets related to an allowable deficit are recognised in the balance sheet in so far as it is likely that this can be set against future taxable profits.

Deferred tax assets related to a tax loss carried forward are divided among the following jurisdictions	2016	2015
Norway	-	-
UK	-7 761	-47 687
Canada	0	-7
	<b>-7 761</b>	<b>-47 694</b>

There is no time limit on the application of tax losses carried forward in Norway and the UK.

Application of tax losses carried forward in Canada is eliminated for the period 2025 to 2031.

# NOTE 14 DECLARATION ON DETERMINATION OF SALARY AND OTHER REMUNERATION TO SENIOR EMPLOYEES

In line with regulations issued pursuant to the Norwegian Public Limited Companies Act, the Board has drawn up the following declaration on guidelines and principles used to determine salary and other remuneration for key personnel.

The Group's remuneration policy will continue to be based on the principle that the Group shall offer its employees competitive compensation terms in accordance with local industry standards. Where appropriate, this may include incentive elements, and the basic salary shall reflect individual performance.

The components of remuneration shall consist of a fixed basic salary and other fixed remuneration elements. The latter may be a company car or car allowance, telephone and electronic communications, newspapers and similar benefits. As well as participating in the Company's ordinary group life insurance and defined contribution-based pension scheme up to 12G, the CEO has a separate salary compensation agreement for pension benefits exceeding 12G. CEO has a special start-up cash bonus for 2015 and 2016 which assumes that the CEO is in position at the time of payment. The bonus for 2016 is being disbursed in 2017. The CEO is entitled to a rolling 12 months' severance pay calculated from the termination date. Termination date is considered the expiration date of the notice. COO and CFO are entitled to 12 months' pay after termination or changes in employment/position.

The Group has an annual bonus scheme based on a combination of earnings and personal performance. For the management team the annual bonus has a limit of maximum 5 months' fixed salary. The CEO bonus limit is 6 months.

A synthetic option scheme (hereafter called «cash option») for the company's management group was established in 2009. The cash options scheme requires the participants' direct share ownership throughout the entire period of the programme. Those who are entitled to the options are required to use 50 % of the net gain under the scheme to purchase shares until the ownership corresponds to 100 % of the fixed annual salary. The gain under the cash option scheme cannot exceed 12 times the monthly salary per participant per year. The exercise price is increased by 0.5 % each month. An option must be exercised not later than 24 months after the first exercise date.

The cash option scheme corresponds to a total of 1,341,082 shares at year-end after awarding of 300,000 options in 2016. Options allocated in 2016 must be exercised not later than 1 June 2019. Throughout 2016, 753,789 options have been exercised.

CEO has a total of 314,009 cash-settled options at year-end. The last exercise date for CEO is 1 June 2019.

For information about remuneration of the Group management, see note 15.

For further information about options, see note 16.

# NOTE 15

## PAYROLL, FEES, NUMBER OF EMPLOYEES ETC.

	Note	2016	2015
Salaries		374 760	337 591
Social security costs		27 735	26 654
Share options granted to directors and key employees (incl. social security costs)	16	21 712	3 819
Pension costs		10 781	8 983
Other personnel costs		48 484	32 384
<b>Total</b>		<b>483 473</b>	<b>409 432</b>
Average number of employees		654	663

Based on the results in 2016, there is a decision to pay a fixed bonus to all employees in addition to regular bonus schemes. The bonus is allocated in the 2016 financial statements and will be disbursed in 2017.

The Board's guidelines and principles for determination of salary and other remuneration to key employees are detailed in note 14.

As at 31.12.2016 no loans were provided to Group employees.

Accumulated costs related to salaries, pension costs and other remuneration to the CEO, other senior employees and board members in 2016 were as follows:

REMUNERATION TO SENIOR OFFICERS IN 2016 IN TNOK	Salary	Bonus	Retained, not yet paid	Options exercised during year	Other remunera- tion	Total
Andreas Kvame (CEO)	2 348	0	732	2 400	24	5 504
Atle Harald Sandtorv (CFO)	1 683	0	505	2 387	45	4 621
Knut Utheim (COO)	1 659	0	276	2 288	39	4 261
Kathleen O. Mathisen (CHRO from May 1, 2016)	810	0	286	0	15	1 111
<b>Total remuneration incl. soc. security costs</b>	<b>6 501</b>	<b>0</b>	<b>1 799</b>	<b>7 075</b>	<b>123</b>	<b>15 498</b>

Recognition of synthetic options not declared throughout the year, are not included in the above list.

### REMUNERATION TO BOARD MEMBERS IN 2016

	SUM
Per Grieg jr. 1)	419
Wenche Kjølås 2)	262
Karin Bing Orgland 2)	262
Asbjørn Reinkind 1)	288
Ola Braanaas 1)	234
<b>Total remuneration including social security costs</b>	<b>1 466</b>

Recognition of synthetic options not declared throughout the year, are not included in the above list.

1) Remuneration for work done in the remuneration committee is included in the payment to Per Grieg jr., Asbjørn Reinkind, and Ola Braanaas with NOK 14,267 each.

2) Remuneration for work done in the audit committee is included in the payment to Wenche Kjølås and Karin Bing Orgland with NOK 42,788 each.

These amounts include social security costs.

Accumulated costs related to salaries, pension costs and other remuneration to the CEO, other senior employees and board members in 2015 were as follows:

REMUNERATION TO SENIOR OFFICERS IN 2015 IN TNOK	Salary	Bonus	Retained, not yet paid *)	Options exercised during year	Other remuneration	Total
Andreas Kvame (CEO fra 01.06.2015)	1 369	456	0	0	9	1 834
Morten Vike (CEO til 17.10.2014) *)	4 414	0	1 488	928	104	6 934
Atle Harald Sandtorv (CFO)	1 988	119	0	0	146	2 253
Knut Utheim (COO)	1 701	89	0	0	139	1 929
<b>Total remuneration including social security costs</b>	<b>9 472</b>	<b>664</b>	<b>1488</b>	<b>928</b>	<b>398</b>	<b>12 950</b>

\*) M.Vike has received severance pay according to agreement. The expense was provided for in 2014 but paid in 2015.

REMUNERATION TO BOARD MEMBERS IN 2015	SUM
Per Grieg jr. 1)	405
Wenche Kjølås 2)	245
Karin Bing Orgland	245
Asbjørn Reinkind 1)	274
Ola Braanaas 1)	222
<b>Total remuneration including social security costs</b>	<b>1 392</b>

Recognition of synthetic options not declared throughout the year, are not included in the above list.

1) Remuneration for work done in the remuneration committee is included in the payment to Per Grieg jr. with NOK 11,410, in the payment to Asbjørn Reinkind with NOK 11,410, and in the payment to Ola Braanaas with NOK 11,410.

2) Remuneration for work done in the audit committee is included in the payment to Wenche Kjølås with NOK 34,230, and in the payment to Karin Bing Orgland with NOK 34,230.

These amounts include social security costs.

SPECIFICATION OF AUDITORS' FEES	2016	2015
<b>AUDIT FEES</b>		
Group auditor	2 399	2 176
Other auditors	513	777
<b>OTHER ASSURANCE SERVICES</b>		
Group auditor	157	139
Other auditors	0	0
<b>TAX ADVICE</b>		
Group auditor	373	415
Other auditors	148	160
<b>OTHER SERVICES</b>		
Group auditor	264	431
Other auditors	1 048	144
Total - Group auditor	3 193	3 162
Total - other auditors	1 709	1 082
<b>Total</b>	<b>4 902</b>	<b>4 243</b>



# NOTE 16

## CASH-BASED REMUNERATION (OPTIONS)

The Company has issued options to the management group and regional directors. The options' strike price is the stock market price on the date of issue increased by 0.5% per month until exercise date. As per 31 December 2016 no equity options are available for vestment. As from 2009 an option scheme with settlement in cash has been established for the management and regional directors. The last allocation was in 2016, totalling 300,000 options. The last due is 1 June 2019. The options have 2 years of duration, where 50 % is vested each year. Employees taken on after the first allocation of options have been allocated options on taking up employment.

The Black & Scholes option pricing model is used to calculate the market value. A brokerage firm is used to carry out the calculations.

The table below illustrates the movement in outstanding options throughout 2015 and 2016.

<b>OVERVIEW 2016</b>	Option category	Outstanding options at 31.12.2015	Granted options	Exercised options	Cancelled options	Expired options	Outstanding options at 31.12.2016	Of which cash-settled
Andreas Kvame (CEO)	Cash settlement	400 000	-	85 991	-	-	314 009	314 009
Atle Harald Sandtorv (CFO)	Cash settlement	300 000	-	153 199	-	-	146 801	146 801
Knut Utheim (COO)	Cash settlement	300 000	-	112 107	-	-	187 893	187 893
Kathleen O. Mathisen (CHRO)	Cash settlement	-	100 000	-	-	-	100 000	100 000
Others	Cash settlement	1 150 000	200 000	402 492	355 129	-	592 379	592 379
<b>Total</b>		<b>2 150 000</b>	<b>300 000</b>	<b>753 789</b>	<b>355 129</b>	<b>-</b>	<b>1 341 082</b>	<b>1 341 082</b>

<b>OVERVIEW 2015</b>	Option category	Outstanding options at 31.12.2014	Granted options	Exercised options	Cancelled options	Expired options	Outstanding options at 31.12.2015	Of which cash-settled
Andreas Kvame (CEO)	Cash settlement		400 000				400 000	400 000
Morten Vike (former CEO)*	Cash settlement	200 000		200 000				
Atle Harald Sandtorv (CFO)	Cash settlement	100 000	200 000				300 000	300 000
Knut Utheim (COO)	Cash settlement	100 000	200 000				300 000	300 000
Others	Cash settlement	400 000	800 000	50 000			1 150 000	1 150 000
<b>Total</b>		<b>800 000</b>	<b>1 600 000</b>	<b>250 000</b>	<b>-</b>	<b>-</b>	<b>2 150 000</b>	<b>2 150 000</b>

\*Morten Vike resigned 17 October 2014

Allocation: Year - month	Expiry date: Year - month	Strike price NOK per share as at 31.12.2016	Strike price NOK per share as at 31.12.2015	2016	2015
2013 - 12	2016 - 06	-	24,97	-	150 000
2013 - 12	2017 - 06	-	24,97	-	150 000
2014 - 04	2016 - 06	-	24,99	-	50 000
2014 - 04	2017 - 06	-	24,99	-	100 000
2014 - 07	2017 - 06	-	31,55	-	100 000
2015 - 06	2018 - 06	27,90	26,27	441 082	800 000
2015 - 06	2019 - 06	27,90	26,27	600 000	800 000
2016 - 12	2019 - 06	79,22	-	300 000	
<b>Total</b>				<b>1 341 082</b>	<b>2 150 000</b>
				<b>2016</b>	<b>2015</b>
Cash-based options available for settlement				441 082	450 000
Weighted average outstanding contract period				28,05	24,93

2016	Option category	Listed price on allocation	Calculated value per option on allocation	Calculated total value on allocation*)	Total value of all options at 01.01.2016	Change in provision OB - IB *)	Exercised options 2016	Acc. cost charged against equity at 31.12.2016	Book liability cash settlement at 31.12.2016
Former employees with expired options	Equity option							6 887	
Andreas Kvame (CEO)	Cash settlement	26,00	3,36	1 342	579	2 356	2 400		2 935
Atle Harald Sandtorv (CFO)	Cash settlement	22,22	3,94	394	639	-639	903		-
Atle Harald Sandtorv (CFO)	Cash settlement	25,50	3,97	793	353	1 346	1 485		1 699
Knut Utheim (COO)	Cash settlement	22,56	4,78	478	662	-662	1 950		0
Knut Utheim (COO)	Cash settlement	25,50	3,97	793	353	1 945	338		2 298
Kathleen O. Mathisen (CHRO)	Cash settlement	79,00	3,63	363	0	41	-		41
Other options allocated in 2013	Cash settlement	22,22	3,94	1 181	1 250	-1 250	3 823		0
Other options allocated in 2014	Cash settlement	22,56	4,24	424	315	-315	546		0
Other options allocated in 2014	Cash settlement	28,90	4,20	420	206	-206	2 143		0
Other options allocated in 2015	Cash settlement	25,50	3,60	2 876	1 282	3 030	1 465		4 312
Other options allocated in 2016	Cash settlement	79,00	3,34	669	0	75	-		75
<b>Total</b>				<b>9 734</b>	<b>5 639</b>	<b>5 721</b>	<b>15 052</b>	<b>6 887</b>	<b>11 360</b>

\*) The amounts are exclusive of social security cost.

2015	Option category	Listed price on allocation	Calculated value per option on allocation	Calculated total value on allocation*)	Total value of all options at 01.01.2015	Change in provision OB - IB *)	Exercised options 2015	Acc. cost charged against equity at 31.12.2015	Book liability cash settlement at 31.12.2015
Former employees with expired options	Equity option				6 887			6 887	
Andreas Kvame (CEO)	Cash settlement	25,50	3,36	1 342	-	579			579
Morten Vike (former CEO)**	Cash settlement	22,22	3,94	788	929	-929	813		-
Atle Harald Sandtorv (CFO)	Cash settlement	22,22	3,94	394	491	148			639
Atle Harald Sandtorv (CFO)	Cash settlement	25,50	3,97	793	-	353			353
Knut Utheim (COO)	Cash settlement	22,56	4,78	478	429	233			662
Knut Utheim (COO)	Cash settlement	25,50	3,97	793	-	353			353
Other options allocated in 2013	Cash settlement	22,22	3,94	1 181	957	293			1 250
Other options allocated in 2014	Cash settlement	22,56	4,24	424	397	-82	199		315
Other options allocated in 2014	Cash settlement	28,90	4,20	420	60	146			206
Other options allocated in 2015	Cash settlement	25,50	3,60	2 876	-	1 282			1 282
<b>Total</b>				<b>9 490</b>	<b>10 150</b>	<b>2 376</b>	<b>1 013</b>	<b>6 887</b>	<b>5 639</b>

\*) The amounts are exclusive of social security cost

\*\*\*) Morten Vike resigned 17 October 2014

ACCRUED COST IS DIVIDED AS FOLLOWS:	2016	2015	CLASSIFICATION IN ACCOUNTS
Change in provisions	5 721	2 376	Other provisions for liabilities
Exercised options during year	15 052	1 013	Payroll & social security costs/ bank
<b>Total cost excl. social security costs</b>	<b>20 772</b>	<b>3 389</b>	
Social security costs	939	430	Public taxes payable
<b>Total cost incl. social security costs</b>	<b>21 712</b>	<b>3 819</b>	<b>Payroll and social security costs</b>

The costs related to cash-based remuneration in 2016 is TNOK 21,712. This is charged in the income statement as a personnel cost. Social security contributions are provided for on an ongoing basis based on the fair value of the options.

At 31 December 2016 outstanding options with the right to cash settlement were stated at TNOK 11,360 of which the total amount is classified as non-current liabilities. Options issued are cancelled when employment terminates.

#### ESTIMATES USED IN CALCULATIONS ON ALLOCATION OF OPTIONS

Anticipated volatility (%)	36,59 %
Risk-free rate of interest (%)	0,68 %
Estimated qualification period (years)	2,02

The estimated qualification period for the options is based on historical data, and does not necessarily represent an indication of the future.

In order to estimate volatility, the management has applied historical volatility for comparable listed companies.

# NOTE 17

## SHARE CAPITAL AND SHAREHOLDER INFORMATION

### SHARE CAPITAL

As at 31 December 2016 the Company had 111,662,000 shares with a nominal value of NOK 4 per share. All shares issued by the company are fully paid up. There is one class of shares and all shares have the same rights. In June 2011 the company purchased 1,250,000 of its own shares for NOK 14.40 per share.

Date of registration	Change in share capital (TNOK)	Nominal value (NOK)	Total share capital (TNOK)	No. of ordinary shares
		4,00	446 648	111 662 000
Holdings of treasury shares		4,00	-5 000	-1 250 000
<b>As at 31.12.2016</b>			<b>441 648</b>	<b>110 412 000</b>

<b>THE LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA</b>	No of shares 31.12.2016	Shareholding 31.12.2016	No of shares 31.12.2015	Shareholding 31.12.2015
GRIEG HOLDINGS AS	55 801 409	49,97 %	55 801 409	49,97 %
FOLKETRYGDFONDET	3 390 000	3,04 %	-	0,00 %
OM HOLDING AS	3 105 000	2,78 %	2 610 000	2,34 %
YSTHOLMEN AS	2 928 197	2,62 %	2 928 197	2,62 %
MORGAN STANLEY AND CO INTL PLC	2 067 749	1,85 %	206	0,00 %
STATE STREET BANK AND TRUST CO.	1 814 836	1,63 %	1 305 901	1,17 %
VERDIPAPIRFONDET PARETO INVESTMENT	1 711 000	1,53 %	598 695	0,54 %
ARTIC FUNDS PLC	1 397 000	1,25 %	-	0,00 %
GRIEG SEAFOOD ASA	1 250 000	1,12 %	1 250 000	1,12 %
THE BANK OF NEW YORK MELLON SA/NV	1 241 277	1,11 %	281 741	0,25 %
DNB NOR MARKETS	105 841	0,09 %	22 188 875	19,87 %
NORDEA BANK NORGE ASA	-	-	6 605 998	5,92 %
KONTRARI AS	-	-	5 862 763	5,25 %
<b>Total - largest shareholders</b>	<b>74 812 309</b>	<b>67,00 %</b>	<b>99 433 785</b>	<b>89,05 %</b>
Other shareholders with shareholding less than 1%	36 849 691	33,00 %	12 228 215	10,95 %
<b>Total shares</b>	<b>111 662 000</b>	<b>100,00 %</b>	<b>111 662 000</b>	<b>100,00 %</b>

**SHARES CONTROLLED BY BOARD MEMBERS AND GROUP MANAGEMENT:**

	No of shares 31.12.2016	Shareholding 31.12.2016	No of shares 31.12.2015	Shareholding 31.12.2015
--	----------------------------	----------------------------	----------------------------	----------------------------

**BOARD OF DIRECTORS:**

Per Grieg jr. *)	59 138 799	52,96 %	60 795 561	54,44 %
Wenche Kjølås (Jawendel AS)	7 000	0,01 %	7 000	0,00 %
Asbjørn Reinkind (Reinkind AS)	120 000	0,11 %	120 000	0,11 %
Karin Bing Orgland	-	0,00 %	-	0,00 %
Ola Braanaas	-	0,00 %	-	0,00 %

**GROUP MANAGEMENT:**

Andreas Kvame (CEO)	29 000	0,03 %	0	0,00 %
Atle Harald Sandtorv (CFO)	30 661	0,03 %	45 500	0,04 %
Knut Utheim (COO)	12 400	0,01 %	0	0,00 %
Kathleen O. Mathisen (CHRO)	0	0,00 %	0	0,00 %

\* The shares owned by the following companies are controlled by Per Grieg jr. and family.

Grieg Holdings AS	55 801 409	49,97 %	55 801 409	49,97 %
Grieg Shipping II AS	-	0,00 %	824 565	0,74 %
Ystholmen AS	3 105 000	2,78 %	2 928 197	2,62 %
Grieg Ltd AS	217 390	0,19 %	217 390	0,19 %
Kvasshøgdi AS	-	0,00 %	1 000 000	0,90 %
Per Grieg jr. privat	15 000	0,01 %	15 000	0,01 %
<b>Total shares</b>	<b>59 138 799</b>	<b>52,96 %</b>	<b>60 786 561</b>	<b>54,44 %</b>

# NOTE 18

## EARNINGS PER SHARE AND DIVIDEND PER SHARE

<b>BASIS FOR CALCULATION OF EARNINGS PER SHARE</b>	<b>2016</b>	<b>2015</b>
Profit for the year (majority share)	1 186 032	-6 626
Number of shares at January 1	111 662 000	111 662 000
Effect of treasury shares (see note 17)	-1 250 000	-1 250 000
<b>Average number of outstanding shares during the year</b>	<b>110 412 000</b>	<b>110 412 000</b>
Adjustment for effect of share options	0	0
<b>Diluted average number of outstanding shares during the year</b>	<b>110 412 000</b>	<b>110 412 000</b>
<b>Earnings per share</b>	<b>10,74</b>	<b>-0,06</b>
Diluted earnings per share	10,74	-0,06
<b>Proposed dividend per share</b>	<b>3,00</b>	<b>0,00</b>



# NOTE 19

## CASH AND CASH EQUIVALENTS

	2016	2015
Restricted deposits related to employees' tax deduction	10 017	8 318
Restricted bank deposits related to clearing account for financial price contracts*)	0	1 513
Restricted bank deposits related to fixed interest rate on a current basis	160 000	0
Other cash and bank deposits	333 597	382 189
<b>Total</b>	<b>503 613</b>	<b>392 020</b>

The Group's currency and interest rate exposure is described in note 3.

# NOTE 20

## ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable at nominal value	808 969	586 883
Provision for bad debts	-8 378	-4 979
<b>Accounts receivable at 31.12.</b>	<b>800 591</b>	<b>581 904</b>

For information about the age distribution of accounts receivable and the Group's exposure to credit risk related to outstanding receivables, please refer to note 3.

RECORDED BAD DEBTS	2016	2015
Change in provision for bad debts	3 399	3 275
Year's actual losses	2 880	1 741
Filed on previous loss provisions	0	0
<b>Recognised losses on receivables</b>	<b>6 279</b>	<b>5 016</b>

Losses on receivables are classified as other operating expenses

# NOTE 21

## OTHER CURRENT RECEIVABLES

	2016	2015
VAT receivable etc.	97 789	83 870
Pre-paid expenses	24 031	30 484
Insurance claims	35 909	22 237
Other current receivables	5 517	9 176
<b>Other current receivables at 31.12.</b>	<b>163 246</b>	<b>145 767</b>

# NOTE 22

## RELATED PARTIES

2016	Operating income	Operating expenses	Financial income	Financial expenses	Long-term balances	Short-term balances
Total - related parties as shareholders	0	24 731	0	0	0	-272
Total - related parties as associated companies	0	20 844	0	0	0	0
<b>Total</b>	<b>0</b>	<b>45 575</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-272</b>

2015	Operating income	Operating expenses	Financial income	Financial expenses	Long-term balances	Short-term balances
Total - related parties as shareholders	0	15 966	0	0	0	-496
Total - related parties as associated companies	0	1 875	0	0	0	0
<b>Total</b>	<b>0</b>	<b>17 841</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-496</b>

The group purchases service from companies in the same group as its majority shareholder, Grieg Holdings AS. These services include:

- Services related to ICT and other functions such as canteen, reception etc. are provided by Grieg Group Resources AS. The services are provided on an arm's length basis.
- Grieg Seafood ASA rents its offices from Grieg Gaarden AS. The rent is on an arm's length basis.
- The regions purchased cleansing fish from Ryfylke Rensefisk AS, a company owned by Grieg Holdings AS.
- Purchase of roe and other operating services from SalmoBreed AS, which is related to member of the Board.
- Transactions with other related parties in associated companies are the purchase of services related to operations.

The board and management are related parties. See note 16 on share-based options and note 17 on shares controlled by board members and management.

# NOTE 23

## FINANCIAL INCOME AND FINANCIAL EXPENSES

	2016	2015
Other interest income	11 129	5 002
Dividends	0	446
Net change in fair value of derivatives	9 287	4 024
Net currency gains	0	28 584
Other financial income	63	0
<b>Total financial income</b>	<b>20 479</b>	<b>38 056</b>
Interest expense on bank borrowings and leasing *)	74 873	117 959
Other interest expenses **)	8 976	7 969
Net change in fair value of derivatives	0	0
Net currency gains	69 926	0
Other financial expenses	1 438	5 430
<b>Total financial expenses</b>	<b>155 213</b>	<b>131 357</b>

\*) Interest expenses bank borrowings and leasing includes recognised gains/losses from realised interest rate swaps.

\*\*) Interest expenses related to factoring agreement in Ocean Quality is included in other interest expenses.

# NOTE 24

## OTHER OPERATING EXPENSES

	2016	2015
Transportation costs	445 372	368 896
Maintenance costs	215 931	178 853
Electricity and fuel	60 637	50 225
Lease expenses	59 395	49 196
Outsourced services	47 825	39 613
Insurance	34 786	28 813
IT expenses	18 673	15 466
Marketing costs	7 669	6 352
Other operating expenses *)	97 103	80 429
Other production related costs **)	504 475	417 851
<b>Total other operating expenses</b>	<b>1 491 867</b>	<b>1 235 695</b>

\*) Includes equipment, telephony/postage, office supplies, fees, travelling costs etc.

\*\*\*) Includes vaccines, de-lousing, oxygen, analyses etc.



# NOTE 25

## OTHER CURRENT LIABILITIES

Specification of other current liabilities	2016	2015
Accrued expenses *)	175 042	107 661
Other current liabilities **)	47 170	15 135
<b>Other current liabilities</b>	<b>222 213</b>	<b>122 795</b>

\*) Accrued expenses relate to accrual of interest, other operating expenses, including insurance and salary.

\*\*) Other current liabilities include a.o. provision for bad debt attributable to physical delivery contracts, MNOK 37, see notes 7 and 3.

# NOTE 26

## NEW ACCOUNTING STANDARDS

### a) New and amended standards adopted in 2016

In 2016, no new standards have been adopted, neither amendments of standards or interpretations, that substantially affect the consolidated financial statements.

### b) New standards and interpretations not yet adopted

A number of new standards, amendments of standards and interpretations of existing standards are mandatory for future financial statements. Additionally, the application of some amendments is permitted prior to mandatory application. Among those amendments the Group has decided to implement in the future, and which are not mandatory for 2016, the essential are disclosed below.

#### **IFRS 9 FINANCIAL INSTRUMENTS INCLUDING RELATED AMENDMENTS TO VARIOUS OTHER STANDARDS**

IFRS 9 replaces the classification and measurement models of IAS 39 with a single model, with essentially only two categories: amortised cost and fair value.

The classification of lending depends on the entity's business model for managing its financial instruments and the characteristics of the cash flows of each instrument.

A debt instrument is measured at amortised cost if;

- the business model is to hold the financial asset in order to receive the contractual cash flows, and
- the contractual cash flows solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex instruments, should be measured at fair value through profit/loss. There is an exception made for equity instruments not intended for sale. Value changes in such positions should be recognised in comprehensive income, without subsequent reclassification to profit/loss. For financial liabilities that the entity has chosen to measure at fair value, the proportion of the change in value attributable to changes in inherent credit risk is recognised through other comprehensive income and not through profit/loss.

The new rules for hedge accounting means that hedge accounting better reflects normal practice for the risk management of enterprises. As a general rule, it will be easier to apply hedge accounting to come. The new standard also introduces expanded disclosure requirements and changes in the rules for the presentation of hedge accounting.

#### **IFRS15 REVENUE FROM CONTRACTS WITH CUSTOMERS**

IASB has issued a new standard for revenue recognition. The standard replaces IAS 18, regarding a.o. sale of goods and services, and IAS 11, regarding Construction Contracts. The new standard

is based on the principle that revenue is recognised when control over a good or service is transferred to a customer, so that the principle of control substitutes the existing principle of transfer of risk and returns.

A new five-step model framework must be applied before revenue can be recognised:

- Identify the contract(s) with a customer
- Identify all separate performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the separate performance obligations in the contract, and
- Recognise revenue when each performance obligation is satisfied.

Major changes from current practices include:

- Goods and/or services that are sold together, but which can be sold separately, must be recognised separately. Any discounts should normally be allocated to each individual element.
- Revenue can be recognised earlier than permitted under current standards if the compensation varies (i.e. due to incentives, rebates, performance fees, royalties, the success of an outcome, etc.). The minimum amount should be recognised if there is a significant risk of cancellation of the agreement.
- The point of revenue recognition may shift: Some revenues that currently are recognised retrospectively, may need to be recognised over the contract term, and vice versa.
- There are new specific rules on licences, warranties, non-refundable advance payments, and commission sales, to mention a few.
- As with any new standard, it implies increased disclosure requirements.

These changes in accounting policies may affect the Group's business practices regarding systems, processes and controls, compensation and bonus schemes, contracts, tax planning and communication with the investors.

The Group will be able to choose between full retrospective application, or prospective application with additional disclosures.

The standard is effective as from the annual reporting period beginning in 2018, but early adoption is permitted.

The new income standard will have no material impact on the Group based on current revenue flows. The cash flow of the Group is the sale of gutted salmon packed and sent to customers. The major part is fresh fish, while a proportion is filleted or frozen. The Group also sells roe, smolt and ensilage, together making up about 1 % of the total sales. The Group may furthermore perform harvesting for other aquaculture companies in the case of surplus

capacity. All categories of the Group's revenue streams are recognised at the time of delivery. That also applies to the fulfillment of physical delivery contracts.

#### **IFRS 16 – LEASES**

IFRS 16 (issued in January 2016) specifies accounting principles for leases. IFRS 16 will replace IAS 17 Leases (and related interpretations). IAS 17 has essentially designated two models for the recognition of leasing agreements – one for operating lease and one for finance leasing. The lessee has only been required to recognise leased assets classified as finance leaseings in the balance sheet. IFRS 16 no longer specifies this as a main rule. There is primarily one model for recognition, which implies that the lessee shall recognise most leased assets, with certain exceptions. This will impact the Group, which at 31 December 2016 has several active operating lease contracts, see note 11 for more information. The Group will carry out a modified retrospective application upon the implementation of IFRS 16 for the financial year 2019.

#### **DISCLOSURE INITIATIVE – AMENDMENTS TO IAS 7**

In the future, the Group will have to explain changes in its obligations arising from financing activities. This includes changes resulting from cash flows (e.g. draw-downs and repayment of loans), as well as changes with cash flow effect, such as acquisitions, sales, imputed interest and unrealised foreign exchange translation differences. Changes in financial assets should be included in the note disclosures if the cash flows were, or will be, included in cash flow from financing activities. This may for instance be the case for assets pledged as security for financing commitments.

Business entities can disclose other changes in this information, e.g. by displaying a reconciliation of net debt. In such a case, changes in other items must be presented separately from changes in debt as a result of financing activities.

The disclosures may be presented as a table that reconciles the opening and closing balance, but a specific format is not mandatory.

There are no other standards or interpretations that still have not taken effect that are expected to materially impact the consolidated financial statements.

# **NOTE 27**

## **POST-BALANCE SHEET EVENTS**

No events have occurred after balance sheet date which materially impact the 2016 statement.

# PARENT COMPANY

## INCOME STATEMENT

AMOUNTS IN NOK 1000	Note	2016	2015
Other operating income	2,17	55 995	52 351
<b>Total operating income</b>		<b>55 995</b>	<b>52 351</b>
Salaries and personnel expenses	3,4	-55 791	-29 968
Depreciation	12,13	-5 370	-5 275
Other operating expenses	6,17	-46 990	-36 161
<b>Total operating expenses</b>		<b>-108 151</b>	<b>-71 404</b>
<b>Operating profit</b>		<b>-52 156</b>	<b>-19 053</b>
Financial income	5,17	789 106	173 914
Financial expenses	5,17	-219 272	-103 846
<b>Net financial profit</b>		<b>569 834</b>	<b>70 068</b>
<b>Profit before tax</b>		<b>517 678</b>	<b>51 015</b>
Income tax expense	15	-129 509	-11 375
<b>Profit for the year</b>		<b>388 169</b>	<b>39 641</b>
<b>ALLOCATION OF PROFIT FOR THE YEAR</b>			
Allocated to dividend		331 236	0
Transferred to other equity		56 933	39 641
<b>Sum allocation</b>		<b>388 169</b>	<b>39 641</b>

# PARENT COMPANY

## BALANCE SHEET

AMOUNTS IN NOK 1000

ASSETS	Note	31.12.2016	31.12.2015
Software	12	17 419	16 651
Property, plant and equipment	13, 18	5 972	4 814
Investments in subsidiaries	10,18	1 226 980	1 226 980
Loan to Group companies	17,18	601 032	691 259
Loan to associated companies		167	167
Investments in shares or units	11	656	637
<b>Total non-current assets</b>		<b>1 852 225</b>	<b>1 940 507</b>
Accounts receivable	6,17	19	0
Account receivables from Group companies	17	37 520	4 827
Other receivables from Group companies	17,18	1 240 578	903 345
Other current receivables	7	4 025	4 046
Cash and cash equivalents	8	383 281	215 057
<b>Total current assets</b>		<b>1 665 424</b>	<b>1 127 275</b>
<b>Total assets</b>		<b>3 517 650</b>	<b>3 067 782</b>



<b>EQUITY AND LIABILITIES</b>		<b>31.12.2016</b>	<b>31.12.2015</b>
Share capital	14	446 648	446 648
Treasury shares	14	-5 000	-5 000
Other reserves		13 652	13 652
Retained earnings		790 759	899 425
<b>Total equity</b>		<b>1 246 059</b>	<b>1 354 725</b>
Deferred tax	15	14 201	36 446
Cash-settled share options	4	11 360	4 389
<b>Total provisions</b>		<b>25 561</b>	<b>40 835</b>
Long-term loan	18	979 874	1 518 261
<b>Total non-current liabilities</b>		<b>979 874</b>	<b>1 518 261</b>
Short-term borrowings	18	90 000	90 000
Cash-settled share options	4	0	1 250
Provision for dividends		331 236	0
Accounts payable	17	6 668	6 280
Accounts payable subsidiaries	17	34 201	26 511
Current liabilities to group companies	17	633 576	0
Public tax payable	15	146 024	0
Accrued public expense		2 031	2 049
Other current liabilities	7,9	22 420	27 872
<b>Total current liabilities</b>		<b>1 266 155</b>	<b>153 961</b>
<b>Total liabilities</b>		<b>2 271 591</b>	<b>1 713 057</b>
<b>Total equity and liabilities</b>		<b>3 517 650</b>	<b>3 067 782</b>

Bergen, 3 April 2017  
Grieg Seafood ASA

Translated version. Not to be signed

# PARENT COMPANY

## CASH FLOW STATEMENT

AMOUNTS IN NOK 1000	Note	2016	2015
Profit before income taxes		517 678	51 015
Tax payable	15	-3 278	0
Depreciation and amortisation	12,13	5 370	5 275
Profit/loss on sale of assets	13	-2	0
Impairment/reversal of fixed assets	13	-66	0
Interest paid		52 355	82 715
Change in accounts receivable		-19	-2 483
Change in accounts payable		388	1 349
Change in other accruals		-27 181	6 601
Recognised contribution from subsidiaries		-713 301	-39 091
Dividend income		-8 071	0
<b>Net cash flow from operations</b>		<b>-176 129</b>	<b>105 381</b>
Proceeds from sale of tangible assets	13	74	0
Dividend income	5	8 071	30
Purchase of tangible assets	13	-3 018	-2 351
Purchase of intangible assets	12	-4 284	-9 161
Proceeds/payments on loans to/from subsidiaries		466 295	69 116
Payment on loans to subsidiaries		0	-54 133
Proceeds on other receivables		0	0
Payment on loan to associated company		0	-100
<b>Net cash flow from investment activities</b>		<b>467 138</b>	<b>3 401</b>
Change in short-term credit facilities		0	-396 050
Payments on long-term debt	18	-538 387	-90 000
Proceeds/payment on loans to/from Group companies		633 576	-16 621
Proceeds on long-term debt		0	650 898
Interest paid		-52 355	-82 715
Dividend paid		-165 618	-55 206
<b>Net cash flow from financing activities</b>		<b>-122 784</b>	<b>10 306</b>
<b>Net change in cash and cash equivalents</b>		<b>168 224</b>	<b>119 088</b>
Cash and cash equivalents at 01.01.		215 057	95 969
<b>Cash and cash equivalents at 31.12</b>		<b>383 281</b>	<b>215 057</b>

# PARENT COMPANY

## CHANGE IN EQUITY

	Share capital	Other paid in equity	Other equity	Total equity
<b>AMOUNTS IN NOK 1000</b>				
<b>Equity at 01.01.2015</b>	<b>441 648</b>	<b>13 652</b>	<b>859 752</b>	<b>1 315 053</b>
<b>PROFIT FOR THE YEAR 2015</b>			39 641	39 641
Other gains recorded in equity			31	31
Allocations to dividend			0	0
<b>Equity at 31.12.2015</b>	<b>441 648</b>	<b>13 652</b>	<b>899 424</b>	<b>1 354 725</b>
<b>PROFIT FOR THE YEAR 2016</b>			388 169	388 169
Other gains/losses recorded in equity			19	19
Provision for dividends			-331 236	-331 236
Allocations to additional dividend 2016			-165 618	-165 618
<b>Equity at 31.12.2016</b>	<b>441 648</b>	<b>13 652</b>	<b>790 758</b>	<b>1 246 059</b>

# NOTE 1

## ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

All amounts are in TNOK, unless stated otherwise.

### REVENUE RECOGNITION

Revenue from sales of goods is recognised at the time of delivery. Revenue from the sales of services is recognised when the services are executed. The share of sales revenue associated with future service is recorded in the balance sheet as accrued sales revenue and is recognised as revenue at the time of execution.

### CLASSIFICATION AND VALUATION OF BALANCE SHEET ITEMS

Assets intended for long-term ownership or use are classified as fixed assets. Assets related to the normal operating cycle, are classified as current assets. Receivables are classified as current assets if they are expected to be repaid within 12 months after the transaction date. Similar criteria apply to liabilities.

Current assets are valued at the lower of cost and fair value. Short-term liabilities are recognised in the balance sheet at nominal value.

Fixed assets are carried at historical cost. Fixed assets whose value will deteriorate are depreciated on a straight line basis over the asset's estimated useful life. Fixed assets are written down to fair value where this is required by accounting rules. Nominal amounts are discounted if the interest rate element is significant.

### INTANGIBLE ASSETS

Expenditure on intangible assets is recognised to the extent that future economic benefits from the development of identifiable intangible assets and costs can be measured reliably. Otherwise, the costs are expensed as they arise. Capitalised development is amortised over the useful life.

### FIXED ASSETS

Fixed assets are recognised in the balance sheet and depreciated on a straight line basis over the estimated useful life, providing the asset has an expected useful life of more than 3 years and a cost price which exceeds TNOK 15. Maintenance costs are charged as they arise as operating expenses, while improvements and additions are added to the acquisition cost and depreciated along with the asset. The distinction between maintenance and improvements is made with regard to the asset's relative condition at the original purchase date.

### SUBSIDIARIES

Investments in subsidiaries are valued at cost in the company accounts. The investment is valued at the cost of acquiring the shares, providing a write-down has not been necessary.

Group contributions to subsidiaries, with tax deducted, are recognised as increases purchase cost of the shares.

Dividends and group contributions are recognised in the same year as they are recognised in the subsidiary accounts. If dividends/group contributions materially exceed retained earnings after acquisition, the exceeding amount is regarded as reimbursement of invested capital and is deducted from the recorded acquisition value in the balance sheet. Group contributions received are recognised as other financial income.

### IMPAIRMENT OF FIXED ASSETS

Impairment tests are performed upon indication that the carrying amount of a non-current asset exceeds the estimated fair value. The test is performed on the lowest level of fixed assets at which independent cash flows can be identified. If the carrying amount is higher than both the fair value less selling costs and the recoverable amount (net present value of future use/ownership), the asset is written down to the higher of fair value less selling costs and the recoverable amount.

Previous impairment charges are reversed at a later period if the prerequisites for impairment are no longer present (with the exception of impairment of goodwill).

### TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised in the balance sheet at nominal value after deduction of provision for bad debts. The provision for bad debts is estimated on the basis of an individual assessment of each major receivable. An additional general provision is made for minor receivables based on estimated expected losses.

### SHORT-TERM INVESTMENTS

Short-term investments (shares and investments which are considered current assets) are carried at the lower of average purchase cost and net realisable value on the balance sheet date. Dividends and other distributions received are recognised as other financial income.

### PENSIONS

The company's pension schemes meet the requirements of the mandatory Occupational Pension Act. The company has a defined contribution pensions scheme for the employees. The premium is paid through operations and is charged as it arises. Social security costs are charged on the basis of the pension premium paid.

## GROUP BANK ACCOUNTS SYSTEM – DEPOSIT AND LOAN

Grieg Seafood ASA operates as an internal bank for the subsidiaries. Grieg Seafood ASA borrows funds under the agreement from the financial institutions and lends these funds onwards to the subsidiaries. The Company has set up a group account system (multi-accounts) in which Grieg Seafood ASA is the legal account holder towards the financial institution. Deposits and loans are recognised as intercompany transactions. All subsidiaries are jointly and severally responsible to the financial institutions for the whole amount of the commitment under the scheme.

## FOREIGN CURRENCY

Functional and presentational currency is NOK. All foreign currency transaction are translated into NOK at the date of the transaction. Exchange rate and translational differences are posted under other financial income or expenses.

All monetary items in foreign currency are translated at the balance sheet date.

## CASH-BASED REMUNERATION

The Company has a share-based remuneration scheme with settlement in cash. The Company's estimated liability is posted under current or non-current liabilities based on estimated settlement date. The cost for the year is charged in the income statement.

## DERIVATIVES

### Forward currency contracts

Realised gains are recorded in the income statement as financial income. The fair value of the contracts is stated on the basis of the exchange rate at balance sheet date for 2016.

Derivatives are stated at fair value and value changes are recognised in the income statement.

### Interest rate swaps

Interest rate swap contracts are stated at the lowest value principle.

## TAXES

The tax expense in the income statement consists of both taxes payable for the accounting period and changes in deferred tax during the period. Deferred tax is calculated as relevant rate of the temporary differences between the value of assets and liabilities for tax purposes and any allowable loss to be carried forward at year-end in the financial statements. Temporary differences, both positive and negative, are offset within the same period. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilised. Deferred tax assets and deferred tax liabilities are presented net in the balance sheet.

Tax on given group contributions booked as an increase in the purchase price of shares in other companies, and tax on received group contribution booked directly against equity, have been booked directly against tax items in the balance sheet (offset against tax payable if the group contribution affects tax payable, and offset against deferred taxes if the group contribution affects deferred taxes).

## CASH FLOW STATEMENT

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term highly liquid investments which entail no appreciable exchange rate risk and with maturities of 3 months or less from the purchase date.

# NOTE 2

## OPERATING INCOME

AMOUNTS IN NOK 1000

<b>OPERATING INCOME CONSISTS OF</b>	<b>2016</b>	<b>2015</b>
Administrative services - Group companies	55 997	52 351
Other operating income	-2	0
<b>Total other operating income, see note 17</b>	<b>55 995</b>	<b>52 351</b>

# NOTE 3

## PAYROLL, FEES, NO. OF EMPLOYEES ETC.

AMOUNTS IN NOK 1000	Note	2016	2015
Wages and salaries		24 639	20 170
Social security costs		4 503	3 388
Shares options for directors	4	21 712	3 819
Pension costs - defined contribution scheme		1 308	1 702
Other personnel costs		3 629	889
<b>Total</b>		<b>55 791</b>	<b>29 968</b>
Average number of employees		19	19

The Company has a pension scheme covering all employees at 31.12.2016. The pension scheme is funded and managed through an insurance company.

A fixed bonus will be paid to all employees with reference to the 2016 result, in addition to the ordinary bonuses. The bonus has been provided for in the 2016 income statement and will be paid in 2017.

The board's guidelines and principles for the determination of salary and other remuneration to the management group are included in the financial statements for the group.

The accumulated cost of salaries, pensions and other benefits to senior employees and board members in 2016 were as follows:

	Salary	Bonus	Accumulated, not yet paid	Options exercised during year	Other benefits	Total
Andreas Kvame (CEO)	2 348	0	732	2 400	24	5 504
Atle Harald Sandtorv (CFO)	1 683	0	505	2 387	45	4 621
Knut Utheim (COO)	1 659	0	276	2 288	39	4 261
Kathleen O. Mathisen (CHRO as from May 1, 2016)	810	0	286	0	15	1 111
<b>Total remuneration incl. social security costs</b>	<b>6 501</b>	<b>0</b>	<b>1 799</b>	<b>7 075</b>	<b>123</b>	<b>15 498</b>

### REMUNERATION TO BOARD MEMBERS IN 2016 (TNOK)

Per Grieg jr. 1)	419
Wenche Kjølås 2)	262
Karin Bing Orgland 2)	262
Asbjørn Reinkind 1)	288
Ola Braanaas 1)	234
<b>Total remuneration incl. social security costs</b>	<b>1 466</b>

1) The payment for work done in the remuneration committee is included in the remuneration to Per Grieg jr., to Asbjørn Reinkind, and to Ola Braanaas with NOK 14 267 each.

2) The payment for work done in the audit committee is included in the remuneration to Wenche Kjølås, and to Karin Bing Orgland with NOK 42 788 each. The amounts include social security costs.



The accumulated cost of salaries, pensions and other benefits to the CEO, CFO, COO and board members in 2015 were as follows:

	Salary	Bonus	Accumulated, not yet paid*)	Options exercised during year	Other benefits	Total
Andreas Kvame (CEO as from 01.06.2015)	1 369	456	0	0	9	1 834
Morten Vike (resigned as CEO 17.10.2014)	4 414	0	1 488	928	104	6 934
Atle Harald Sandtorv (CFO)	1 988	119	0	0	146	2 253
Knut Utheim (COO as from 01.04.2014)	1 701	89	0	0	139	1 929
<b>Total remuneration incl. social security costs</b>	<b>9 472</b>	<b>664</b>	<b>1 488</b>	<b>928</b>	<b>398</b>	<b>12 950</b>

\*) The amount consists of accumulated, not paid benefits to former CEO

#### REMUNERATION TO BOARD MEMBERS IN 2015 (TNOK)

Per Grieg jr. 1)	405
Wenche Kjølås 2)	245
Karin Bing Orgland 2)	245
Asbjørn Reinkind 1)	274
Ola Braanaas 1)	222
<b>Total remuneration incl. social security costs</b>	<b>1 392</b>

1) The payment for work done in the remuneration committee is included in the remuneration to Per Grieg jr. with NOK 11 410, to Asbjørn Reinkind with NOK 11 410 and to Ola Braanaas with NOK 11 410.

2) The payment for work done in the audit committee is included in the remuneration to Wenche Kjølås with NOK 34 230 and to Karin Bing Orgland with NOK 34 230.

The amounts include social security costs.

SPECIFICATION OF AUDITOR'S FEE	2016	2015
Statutory audit	958	910
Tax advisory fee	99	90
Other services	6	129
<b>Total</b>	<b>1 062</b>	<b>1 129</b>

# NOTE 4

## SHARE-BASED REMUNERATION (OPTIONS)

The company has a share-based options programme for the management group and regional directors. The options' strike price is the stock market price on the date of issue increased by 0.5% per month until exercise date. As at 31.12.2016 there are no equity options outstanding for exercise. Since 2009 the Company has issued cash-based options to the management group and regional directors. The last allocation was in 2016, totalling 300 000 options. The last exercise date is 1 June 2019. The options have 2 years' duration, where 50% is vested each year. Employees taken on after the first allocation of options have been allocated options on taking up employment.

The Black & Scholes option pricing model is used to calculate the market value. A brokerage firm is used to carry out the calculations. The table below illustrates the movement in outstanding options throughout 2015 and 2016.

<b>OVERVIEW 2016</b>		Outstanding options 31.12.2015	Granted options	Exercised options	Cancelled options	Outstanding options at 31.12.2016	Of which cash-settled
	Option category						
Andreas Kvame (CEO)	Cash settlement	400 000	-	85 991	-	314 009	314 009
Atle Harald Sandtorv (CFO)	Cash settlement	300 000	-	153 199	-	146 801	146 801
Knut Utheim (COO)	Cash settlement	300 000	-	112 107	-	187 893	187 893
Kathleen O. Mathisen (CHRO)	Cash settlement	-	100 000	-	-	100 000	100 000
Others	Cash settlement	1 150 000	200 000	402 492	355 129	592 379	592 379
<b>Total</b>		<b>2 150 000</b>	<b>300 000</b>	<b>753 789</b>	<b>355 129</b>	<b>1 341 082</b>	<b>1 341 082</b>

<b>OVERVIEW 2015</b>		Outstanding options 31.12.2014	Granted options	Exercised options	Cancelled options	Outstanding options at 31.12.2015	Of which cash-settled
	Option category						
Andreas Kvame (CEO)	Cash settlement	-	400 000	-	-	400 000	400 000
Morten Vike (former CEO)*	Cash settlement	200 000	-	200 000	-	-	-
Atle Harald Sandtorv (CFO)	Cash settlement	100 000	200 000	-	-	300 000	300 000
Knut Utheim (COO)	Cash settlement	100 000	200 000	-	-	300 000	300 000
Others	Cash settlement	400 000	800 000	50 000	-	1 150 000	1 150 000
<b>Total</b>		<b>800 000</b>	<b>1 600 000</b>	<b>250 000</b>	<b>-</b>	<b>2 150 000</b>	<b>2 150 000</b>

\*Morten Vike resigned 17 October 2014.

ALLOCATION: YEAR - MONTH	Expiry date: Year - month	Strike price NOK per share as at 31.12.2016	Strike price NOK per share as at 31.12.2015	Options	
				2016	2015
2013 - 12	2016 - 06	-	24,97	-	150 000
2013 - 12	2017 - 06	-	24,97	-	150 000
2014 - 04	2016 - 06	-	24,99	-	50 000
2014 - 04	2017 - 06	-	24,99	-	100 000
2014 - 07	2017 - 06	-	31,55	-	100 000
2015 - 06	2018 - 06	27,90	26,27	441 082	800 000
2015 - 06	2019 - 06	27,90	26,27	600 000	800 000
2016 - 12	2019 - 06	79,22	-	300 000	
<b>Total</b>				<b>1 341 082</b>	<b>2 150 000</b>

	2016	2015
Cash based options available for exercise	441 082	450 000
Weighted average outstanding contract period	28,05	24,93

2016	Option category	Listed price on allocation	Calculated value per option on allocation	Calculated total value on allocation*)	Total value of all options at 01.01.2016	Change in provision OB-IB *)	Exercised options 2016	Acc. cost charged against equity at 31.12.2016	Book liability cash settlement at 31.12.2016
Previous employees with expired option	Equity							6 887	
Andreas Kvame (CEO)	Cash	25,50	3,36	1 342	579	2 356	2 400		2 935
Atle Harald Sandtorv (CFO)	Cash	22,22	3,94	394	639	-639	903		-
Atle Harald Sandtorv (CFO)	Cash	25,50	3,97	793	353	1 346	1 485		1 699
Knut Utheim (COO)	Cash	22,56	4,78	478	662	-662	1 950		0
Knut Utheim (COO)	Cash	25,50	3,97	793	353	1 945	338		2 298
Kathleen O. Mathisen (CHRO)	Cash	79,00	3,63	363	0	41	-		41
Other options allocated in 2013	Cash	22,22	3,94	1 181	1 250	-1 250	3 823		0
Other options allocated in 2014	Cash	22,56	4,24	424	315	-315	546		0
Other options allocated in 2014	Cash	28,90	4,20	420	206	-206	2 143		0
Other options allocated in 2015	Cash	25,50	3,60	2 876	1 282	3 030	1 465		4 312
Other options allocated in 2016	Cash	79,00	3,34	669	0	75	-		75
<b>Total</b>				<b>9 734</b>	<b>5 639</b>	<b>5 721</b>	<b>15 052</b>	<b>6 887</b>	<b>11 360</b>

\*) The amounts are excluded of social security costs

2015	Option category	Listed price on allocation	Calculated value per option on allocation	Calculated total value on allocation*)	Total value of all options at 01.01.2015	Change in provision OB-IB *)	Exercised options 2015	Acc. cost charged against equity at 31.12.2015	Book liability cash settlement at 31.12.2015
Previous employees with expired option	Equity				6 887			6 887	
Andreas Kvame (CEO)	Cash	25,50	3,36	1 342	-	579			579
Morten Vike (former CEO)**	Cash	22,22	3,94	788	929	-929	813		-
Atle Harald Sandtorv (CFO)	Cash	22,22	3,94	394	491	148			639
Atle Harald Sandtorv (CFO)	Cash	25,50	3,97	793	-	353			353
Knut Utheim (COO)	Cash	22,56	4,78	478	429	233			662
Knut Utheim (COO)	Cash	25,50	3,97	793	-	353			353
Other options allocated in 2013	Cash	22,22	3,94	1 181	957	293			1 250
Other options allocated in 2014	Cash	22,56	4,24	424	397	-82	199		315
Other options allocated in 2014	Cash	28,90	4,20	420	60	146			206
Other options allocated in 2015	Cash	25,50	3,60	2 876	-	1 282			1 282
<b>Total</b>				<b>9 490</b>	<b>10 150</b>	<b>2 376</b>	<b>1 013</b>	<b>6 887</b>	<b>5 639</b>

\*) The amounts are excluded of social security costs

\*\*\*) Morten Vike resigned at 17 October 2014

ACCRUED COST IS DIVIDED AS FOLLOWS:	2016	2015	CLASSIFICATION IN STATEMENT
Accrued cost cash settlement	5 721	2 376	Other provisions for liabilities
Exercised options during the year	15 052	1 013	Salary and social security costs / bank
<b>Total cost excl. employer's national insurance contributions</b>	<b>20 977</b>	<b>3 389</b>	
National insurance contributions	939	430	Accrued public expense
<b>Total cost incl. employer's national insurance contributions</b>	<b>21 712</b>	<b>3 819</b>	<b>Salary and social security costs</b>

The costs related to cash-based remuneration in 2016 is TNOK 21 712. This is charged in the income statement as a personnel cost. National security contributions are provided for on an ongoing basis based on the fair value of the options.

At 31 December 2016 outstanding options with the right to cash settlement were stated at TNOK 11 360, of which the total amount is stated as non-current liabilities. Options issued are cancelled when employment terminates.

#### ESTIMATES USED IN CALCULATIONS ON ALLOCATION OF OPTIONS

Anticipated volatility [%]	36,59 %
Risk-free rate of interest [%]	0,68 %
Estimated qualification period (years)	2,02

The estimated qualification period for the options is based on historical data, and does not necessarily represent an indication of the future.

In order to estimate volatility, the management have applied historical volatility for comparable listed companies.

# NOTE 5

## FINANCIAL INCOME AND FINANCIAL EXPENSES

AMOUNTS IN NOK 1000	2016	2015
Interest income from group companies	46 916	55 823
Other interest income	63	0
Group contribution from subsidiaries	713 301	39 091
Group contribution 2015, recognised 2016	11 467	0
Dividend	8 071	30
Unrealised value changes derivatives, see note 9	9 287	2 316
Unrealised currency change, long-term loans from Group	0	54 134
Net unrealised currency gains	0	22 520
<b>Total financial income</b>	<b>789 106</b>	<b>173 914</b>
Interest expenses from group companies	0	529
Loan interest expenses	60 157	101 444
Other interest expenses	1 666	1 263
Unrealised currency change, long-term loans from Group	90 228	0
Other financial expenses	530	610
Net unrealised currency losses	66 692	0
<b>Total financial expenses</b>	<b>219 272</b>	<b>103 846</b>
<b>Net financial items</b>	<b>569 834</b>	<b>70 068</b>

# NOTE 6

## ACCOUNTS RECEIVABLE

AMOUNTS IN NOK 1000	2016	2015
Accounts receivable at nominal value	19	0
Provisions for bad debt	0	0
<b>Book value of accounts receivable at 31.12</b>	<b>19</b>	<b>0</b>
Change in bad debts provision	0	0
Bad debt realised	0	0
<b>Sum loss on accounts receivable charged in the accounts</b>	<b>0</b>	<b>0</b>

# NOTE 7

## OTHER RECEIVABLES/ OTHER CURRENT LIABILITIES

Amounts in NOK 1000

<b>OTHER CURRENT RECEIVABLES</b>	<b>2016</b>	<b>2015</b>
Prepaid expenses	1 215	599
VAT	2 138	1 672
Tax receivable from 2015	502	0
Deposit Nasdaq*)	0	1 513
Other current receivables	171	262
<b>Other current receivables 31.12</b>	<b>4 025</b>	<b>4 046</b>

\*) Deposit Nasdaq is linked to the ongoing financial salmon price contracts. Grieg Seafood ASA enters into hedging contracts on behalf of Grieg Seafood Rogaland AS and Grieg Seafood Finnmark AS.

<b>OTHER CURRENT LIABILITIES</b>	<b>2016</b>	<b>2015</b>
Accrued interest	628	5 532
Other accrued expenses	12 690	5 939
Unrealised loss on interest rate swap contracts, see note 9	5 268	14 555
Unrealised loss on foreign currency contracts	0	0
Other current liabilities	3 834	1 846
<b>Other current liabilities at 31.12</b>	<b>22 420</b>	<b>27 872</b>

# NOTE 8

## CASH AND CASH EQUIVALENTS

AMOUNTS IN NOK 1000	2016	2015
Restricted deposits related to employees' tax deductions	1 242	1 295
Restricted account Nasdaq *)	0	1 513
Fixed interest rate deposit **)	160 000	0
Other bank deposits	222 039	212 249
<b>Total</b>	<b>383 281</b>	<b>215 057</b>

\*) Restricted amounts relate to financial salmon price contracts. Grieg Seafood ASA enters into hedging contracts on behalf of Grieg Seafood Rogaland AS and Grieg Seafood Finnmark AS.

\*\*) Fixed interest rate deposit valid until January 2017, the contract was not renewed



# NOTE 9

## FINANCIAL INSTRUMENTS TO FAIR VALUE

AMOUNTS IN NOK 1000	2016		2015	
	ASSETS	CURRENT LIABILITIES	ASSETS	CURRENT LIABILITIES
Interest rate swap contracts (1 contract for a total of MNOK 400 maturing in 2019)	0	-5 268	0	-14 555
<b>Total financial instruments at fair value</b>	<b>0</b>	<b>-5 268</b>	<b>0</b>	<b>-14 555</b>

\*) The amounts are exclusive of accrued interest totalling TNOK 17.1 (2015: TNOK 1,027)

CHANGE IN FAIR VALUE POSTED AS FINANCIAL ITEMS	2016	2015
Unrealised gain/loss on interest rate swaps	9 287	2 316
<b>Net unrealised gain/loss on financial instruments</b>	<b>9 287</b>	<b>2 316</b>

# NOTE 10

## INVESTMENTS IN SUBSIDIARIES

AMOUNTS IN NOK 1000

<b>SUBSIDIARIES</b>	Registered office - country	Registered office - location	Ownership/ voting share	Equity at 31.12.2016	Profit/loss 2016	Book value
Grieg Seafood Rogaland AS	Norway	Bergen	100 %	574 132	330 813	223 497
Grieg Seafood Canada AS	Norway	Bergen	100 %	68 461	-32	138 252
Grieg Seafood Finnmark AS	Norway	Alta	100 %	638 666	313 137	400 481
Grieg Seafood Shetland Ltd	UK	Shetland	100 %	199 039	116 753	458 750
Ocean Quality AS	Norway	Bergen	60 %	48 038	62 759	6 000
<b>Book value of subsidiaries at 31.12</b>				<b>1 528 336</b>	<b>823 430</b>	<b>1 226 980</b>

# NOTE 11

## INVESTMENTS IN SHARES

AMOUNTS IN NOK 1000

<b>INVESTMENTS IN SHARES</b>	Registered office - country	Registered office - location	Ownership/ voting share	No. of shares	Acquisition cost	Book value
Finnøy Næringspark AS	Norway	Finnøy	7,14 %	100	103	103
DNB Global Allokering	Norway	Oslo	0,00 %	3 038	630	464
Codfarmers ASA	Norway	Oslo	0,00 %	500	156	4
CO2 AS	Norway	Lindås	10,00 %	2	20	20
Norsk Villaksforvaltning	Norway	Førde	15,15 %	5	50	50
Fiskeriforum Vest	Norway	Bergen	20,00 %	20	16	16
<b>Book value of shares at 31.12</b>						<b>656</b>

# NOTE 12

## INTANGIBLE ASSETS

### AMOUNTS IN NOK 1000

2016	SOFTWARE
Book value at 01.01	16 651
Intangible assets acquired	4 284
Amortisation	-3 516
<b>Book value at 31.12</b>	<b>17 419</b>
As at 31.12.	
Acquisition cost	37 148
Accumulated amortisation	-19 729
<b>Book value at 31.12</b>	<b>17 419</b>
Economic lifetime/amortisation plan	3 - 10 years
<b>2015</b>	
<b>SOFTWARE</b>	
Book value at 01.01.	11 320
Intangible assets acquired	9 161
Amortisation	-3 830
<b>Book value at 31.12</b>	<b>16 651</b>
As at 31.12.	
Acquisition cost	32 864
Accumulated amortisation	-16 213
<b>Book value at 31.12</b>	<b>16 651</b>
Economic lifetime/amortisation plan	3 - 10 years

# NOTE 13

## TANGIBLE FIXED ASSETS

AMOUNTS IN NOK 1000

2016	PLANT, EQUIPMENT AND OTHER FIXTURES ETC.
Book value at 01.01	4 814
Tangible fixed assets acquired	3 018
Sale tangible fixed assets (book value)	-72
Depreciation	-1 854
Depreciation of fixed assets sold	66
<b>Book value at 31.12.</b>	<b>5 972</b>
As at 31.12.	
Acquisition cost	15 976
Accumulated depreciation	-10 004
<b>Book value at 31.12</b>	<b>5 972</b>
<b>Economic lifetime/amortisation plan</b>	<b>3-5 years</b>
2015	PLANT, EQUIPMENT AND OTHER FIXTURES ETC.
Book value at 01.01	3 908
Tangible fixed assets acquired	2 351
Depreciation	-1 446
<b>Book value at 31.12</b>	<b>4 814</b>
As at 31.12.	
Acquisition cost	13 030
Accumulated depreciation	-8 216
<b>Book value at 31.12</b>	<b>4 814</b>
<b>Economic lifetime/amortisation plan</b>	<b>3-5 years</b>

# NOTE 14

## SHARE CAPITAL AND SHAREHOLDER INFORMATION

### SHARE CAPITAL:

As at 31 December 2016 the company had 111 662 000 shares with a nominal value of NOK 4 per share. All shares issued by the company are fully paid up. There is one class of shares and all shares have the same rights. In June 2011 the company purchased 1 250 000 of its own shares for NOK 14.40 per share.

	Change in share capital (TNOK)	Nominal value (NOK)	Total share capital (TNOK)	No. of ordinary shares
		4,00	446 648	111 662 000
Holdings of treasury shares		4,00	-5 000	-1 250 000
<b>31.12.2015</b>			<b>441 648</b>	<b>110 412 000</b>

THE LARGEST SHAREHOLDERS OF GRIEG SEAFOOD ASA	No. of shares	Shareholding	No. of shares	Shareholding
	31.12.16	31.12.16	31.12.15	31.12.15
GRIEG HOLDINGS AS	55 801 409	49,97 %	55 801 409	49,97 %
FOLKETRYGDFONDET	3 390 000	3,04 %	-	0,00 %
OM HOLDING AS	3 105 000	2,78 %	2 610 000	2,34 %
YSTHOLMEN AS	2 928 197	2,62 %	2 928 197	2,62 %
MORGAN STANLEY AND CO INTL PLC	2 067 749	1,85 %	206	0,00 %
STATE STREET BANK AND TRUST CO.	1 814 836	1,63 %	1 305 901	1,17 %
VERDIPAPIRFONDET PARETO INVESTMENT	1 711 000	1,53 %	598 695	0,54 %
ARTIC FUNDS PLC	1 397 000	1,25 %	-	0,00 %
GRIEG SEAFOOD ASA	1 250 000	1,12 %	1 250 000	1,12 %
THE BANK OF NEW YORK MELLON SA/NV	1 241 277	1,11 %	281 741	0,25 %
DNB NOR MARKETS	105 841	0,09 %	22 188 875	19,87 %
NORDEA BANK NORGE ASA	-	0,00 %	6 605 998	5,92 %
KONTRARI AS	-	0,00 %	5 862 763	5,25 %
<b>Total - largest shareholders</b>	<b>74 812 309</b>	<b>67,00 %</b>	<b>99 433 785</b>	<b>89,05 %</b>
Other shareholders with shareholding less than 1%	36 849 691	33,00 %	12 228 215	10,95 %
<b>Total shares</b>	<b>111 662 000</b>	<b>100,00 %</b>	<b>111 662 000</b>	<b>100,00 %</b>

<b>SHARES CONTROLLED BY BOARD MEMBERS AND GROUP MANAGEMENT:</b>	No. of shares <b>31.12.2016</b>	Shareholding <b>31.12.2016</b>	No. of shares <b>31.12.2015</b>	Shareholding <b>31.12.2015</b>
<b>BOARD OF DIRECTORS:</b>				
Per Grieg jr. *)	59 138 799	52,96 %	60 786 561	54,44 %
Wenche Kjølås (Jawendel AS)	7 000	0,01 %	7 000	0,00 %
Asbjørn Reinkind (Reinkind AS)	120 000	0,11 %	120 000	0,11 %
Karin Bing Orgland	-	0,00 %	-	0,00 %
Ola Braanaas	-	0,00 %	-	0,00 %
<b>GROUP MANAGEMENT:</b>				
Andreas Kvame (CEO)	29 000	0,03 %	0	0,00 %
Atle Harald Sandtorv (CFO)	30 661	0,03 %	45 500	0,04 %
Knut Utheim (COO)	12 400	0,01 %	0	0,00 %
Kathleen O. Mathisen (CHRO)	0	0,00 %	0	0,00 %
<b>*) THE SHARES OWNED BY THE FOLLOWING COMPANIES ARE CONTROLLED BY PER GRIEG JR. AND FAMILY</b>				
Grieg Holdings AS	55 801 409	49,97 %	55 801 409	49,97 %
Grieg Shipping II AS	-	0,00 %	824 565	0,74 %
Ystholmen AS	3 105 000	2,78 %	2 928 197	2,62 %
Grieg Ltd AS	217 390	0,19 %	217 390	0,19 %
Kvasshøgdi AS	-	0,00 %	1 000 000	0,90 %
Per Grieg jr. privat	15 000	0,01 %	15 000	0,01 %
<b>Total shares</b>	<b>59 138 799</b>	<b>52,96 %</b>	<b>60 786 561</b>	<b>54,44 %</b>

# NOTE 15

## TAXES

### AMOUNTS IN NOK 1000

#### BASIS FOR TAX PAYABLE ARISES AS FOLLOWS:

	2016	2015
Profit before taxes	517 678	51 015
Recognised share dividends	-8 071	-30
Net other permanent differences	-655	-563
Change in temporary differences	86 612	-50 423
Adjustment of Group contribution 2015	-11 467	0
Group contribution received/provided	-713 301	-39 091
<b>Taxable profit</b>	<b>-129 203</b>	<b>-39 091</b>
Group contribution received	713 301	39 091
Basis for tax expense for the year	584 098	0
25 % (27 %) tax payable	146 024	0

#### SPECIFICATION OF DEFERRED TAX BASIS

##### TEMPORARY DIFFERENCES

	CHANGE	2016	2015
Fixed assets	1 961	3 832	1 871
Profit and loss account	-388	1 551	1 939
Cash-based options	-6 660	-12 962	-6 302
Long-term debt/amortised cost	-1 613	5 126	6 739
Revaluation account non-current liabilities	-90 227	66 891	157 118
Financial instruments	10 315	-5 268	-15 582
<b>Net temporary differences/ basis for deferred tax in balance sheet</b>	<b>-86 612</b>	<b>59 170</b>	<b>145 783</b>
Carryforwards	-	0	0
Unutilised credit allowance/dividend payments	-	0	0
<b>Basis for deferred tax in balance sheet</b>	<b>-86 612</b>	<b>59 170</b>	<b>145 783</b>
Deferred tax assets 25% (27%)		14 792	39 361
Change in deferred tax assets due to change in tax rate 24 % (25 %)		-592	-2 916
<b>Deferred tax/deferred tax assets in balance sheet</b>		<b>14 201</b>	<b>36 446</b>

#### SPECIFICATION OF TAX CHARGE

	2016	2015
Tax payable	146 024	0
Change in deferred tax, previous rate	-21 653	13 614
Change in deferred tax due to change of rate	-592	-2 916
Tax effect of foreign tax not credited Norwegian tax	2 451	676
Correction of contributions for 2015, tax effect	3 278	0
<b>Tax expense in income statement</b>	<b>129 509</b>	<b>11 374</b>



<b>RECONCILIATION OF TAX EXPENSE</b>	<b>2016</b>	<b>2015</b>
Profit before taxes	517 678	51 015
Estimated tax 25 % (27 %)	-129 419	13 774
Tax expense in income statement	129 509	-11 374
<b>Difference</b>	<b>90</b>	<b>2 400</b>

**THE DIFFERENCE CONSISTS OF THE FOLLOWING:**

25 % (27 %) of permanent differences	-5 048	152
Tax effect of foreign tax not credited Norwegian tax	2 451	364
Change in contribution previous years, tax effect	3 099	0
Change in tax/deferred tax due to change of rate	-592	-2 916
<b>Total explained difference</b>	<b>-90</b>	<b>-2 400</b>

# NOTE 16

## GUARANTIES

Grieg Seafood ASA served as guarantor on behalf of Ocean Quality UK Ltd and Ocean Quality North America Inc in connection with sales contracts towards customers. The total amounts are EUR 250,000 and USD 3,000,000, respectively.

# NOTE 17

## RELATED PARTIES

### AMOUNTS IN NOK 1000

2016	Operating income	Operating expenses	Financial income	Financial expenses	Long-term receivables	Accounts receivable	Current receivables	Accounts payable	Other current liabilities
Total related parties - group companies	55 997	0	46 916	-6	601 032	37 520	1 240 578	-34 201	-633 576
Total related parties - shareholders	0	7 356	0	0	0	19	11	0	-283
<b>Total</b>	<b>55 997</b>	<b>7 356</b>	<b>46 916</b>	<b>-6</b>	<b>601 032</b>	<b>37 539</b>	<b>1 240 589</b>	<b>-34 201</b>	<b>-633 859</b>

2015	Operating income	Operating expenses	Financial income	Financial expenses	Long-term receivables	Accounts receivable	Current receivables	Accounts payable	Other current liabilities
Total related parties - group companies	52 351	782	55 823	-529	691 259	4 827	903 345	-26 511	0
Total related parties - shareholders	0	5 373	0	0	0	0	0	0	-492
<b>Total</b>	<b>52 351</b>	<b>6 155</b>	<b>55 823</b>	<b>-529</b>	<b>691 259</b>	<b>4 827</b>	<b>903 345</b>	<b>-26 511</b>	<b>-492</b>

The company purchases services from companies controlled by Grieg Seafood ASA's majority shareholder, Grieg Holdings AS. These services include:

- Services related to ICT and other functions such as book-keeping, canteen, reception etc., provided by Grieg Group Resources AS on an arm's length basis.
- Grieg Seafood ASA rents its offices from Grieg Gaarden AS. The rent is based on the arm's length principle.

The parent company provides a range of services to the subsidiaries. The services include administrative services and services related to the parent provision of non-current loans and short-term credit facilities to the subsidiaries. The interest is on an arm's length basis.

As from 2015, Ocean Quality AS is classified as a subsidiary of Grieg Seafood ASA.

Grieg Seafood ASA enters into hedging contracts on behalf of Grieg Seafood Rogaland AS and Grieg Seafood Finnmark AS. The arrangement is intended to reduce these companies' exposure to salmon prices. The agreements with the subsidiaries are priced on the basis of a "back to back" arrangement.

# NOTE 18

## NET INTEREST-BEARING DEBT

The Company has a syndicated loan provided 50/50 by DNB and Nordea. The financing agreement consists of a total frame of MNOK 1.910 including a long-term credit facility of MNOK 700. At year-end the credit line was not utilised.

The financing agreement includes covenants related to consolidated equity of 35% (in the Group, not including Ocean Quality), a revolving NIBD/EBITDA ratio of 5.0 if the book equity ratio is higher than 40% and 4.5 if the book equity ratio is between 35% and 40%. As at 31.12.2016 the NIBD/EBITDA ratio for the group is 0.7, not including Ocean Quality. Hence, at year-end the group was in fully in compliance with all covenants.

### AMOUNTS IN NOK 1000

<b>NON-CURRENT LIABILITIES</b>	<b>2016</b>	<b>2015</b>
Liabilities to credit institutions before amortisation effect	985 000	1 075 000
Long-term credit facility *)	0	450 000
Amortised cost	-5 126	-6 739
<b>Total interest-bearing non-current liabilities</b>	<b>979 874</b>	<b>1 518 261</b>

<b>SHORT-TERM DEBT</b>	<b>2016</b>	<b>2015</b>
Short-term credit facility *)	0	0
Share of current portion of long term borrowing	90 000	90 000
<b>Total interest-bearing current liabilities</b>	<b>90 000</b>	<b>90 000</b>

Gross interest-bearing liabilities	1 069 874	1 608 261
Bank deposits	383 281	215 057
Loans to subsidiaries	494 733	864 945
<b>Net interest-bearing liabilities</b>	<b>191 859</b>	<b>528 259</b>

\*)The company has in 2016 a total long-term credit facility of MNOK 700. As at 31.12.2016 there was no draw-down.

<b>MATURITY PROFILE - NON-CURRENT LIABILITIES</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>SUBSEQU.</b>	<b>SUM</b>
Long-term loan	90 000	90 000	889 874	0	0	1 069 874
Long-term credit facility					0	0
<b>Total</b>	<b>90 000</b>	<b>90 000</b>	<b>889 874</b>	<b>0</b>	<b>0</b>	<b>1 069 874</b>

<b>LIABILITIES SECURED BY MORTGAGE</b>	<b>2016</b>	<b>2015</b>
Liabilities to credit institutions	1 069 874	1 608 261
<b>Total liabilities</b>	<b>1 069 874</b>	<b>1 608 261</b>

<b>BOOK VALUE OF ASSETS PLEDGED AS SECURITY</b>		
Shares in subsidiaries	1 226 980	1 226 980
Fixed assets	5 972	4 814
Accounts receivable	19	0
Loans to subsidiaries	494 733	864 945
<b>Total assets pledged as security</b>	<b>1 727 705</b>	<b>2 096 739</b>

<b>TYPE OF DEBT</b>	Currency	Interest rate	Maturity	<b>2016</b>		<b>2015</b>	
				Current portion	Non-current portion	Current portion	Non-current portion
Syndicated long-term loan	NOK	Floating	06/2019	90 000	979 874	90 000	1 518 261
Syndicated loan revolving credit	NOK	Floating	06/2019	0	0	0	0
<b>Total</b>				<b>90 000</b>	<b>979 874</b>	<b>90 000</b>	<b>1 518 261</b>

	<b>31.12.16</b>	NOK	CAD	GBP	USD
Syndicated long-term loan	1 069 874	1 069 874			
Syndicated loan revolving credit (non-current)	0	0			
<b>Total loans</b>	<b>1 069 874</b>	<b>1 069 874</b>	<b>0</b>	<b>0</b>	<b>0</b>

	<b>2016</b>	<b>2015</b>
<b>Average interest rate</b>	<b>3,53 %</b>	<b>4,70 %</b>

# NOTE 19

## POST-BALANCE SHEET EVENTS

Since the closing of accounts at year-end 2016 there have been no events which could materially affect the accounts for 2016.



To the General Meeting of Grieg Seafood ASA

### **Independent Auditor's Report**

#### *Report on the Audit of the Financial Statements*

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#### *Opinion*

We have audited the financial statements of Grieg Seafood ASA. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2016, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2016, and income statement, statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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#### *Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen

T: 02316, org.no.: 987 009 713 VAT, [www.pwc.no](http://www.pwc.no)

State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### *Measuring of biological assets*

(See also note 2 and 7 for further information about biological assets.)

As described in the accounting policies notes, Grieg Seafood ASA measures the Group's biological assets at fair value in accordance with IAS 41. Biological assets include inventories of broodstock, smolt and live fish held for harvesting purposes.

The biological assets are by nature difficult to count, observe and measure due to lack of sufficiently accurate measuring techniques that at the same time does not affect fish health.

Therefore, we have focused on measuring the inventory of biological assets (biomass), emphasizing live fish held for harvesting purposes, which constitute the major part of the Group's biological assets. Biomass in the sea has direct influence on the valuation; see more about this in the paragraph «*Valuation of biological assets at fair value*» below.

The Group's biomass system shows the number of fish, average weight and biomass per site. We have directed our effort at the movement in biological inventory (in numbers) in the period. The movement is the sum of smolt stocked, loss of fish and harvested fish for the period.

We have reviewed the Group's processes for controlling the number of fish stocked. For a selection of stocking we have tested the control by tracing the number of fish at stocking back to underlying documentation; vaccination documentation for internally produced smolt and invoices for purchase of external smolt. Our procedures did not identify any material deviations.

The growth in the period is connected to the total feed consumption and is closely associated with purchase of feed. We have reviewed the Group's control for reconciliation of feed inventory and have obtained external confirmation from feed suppliers in order to verify purchased volume. We have also assessed recorded accumulated feed factor for live fish held for harvesting purposes and obtained explanations from management and further documentation for sites with significantly either higher or lower feed factor than expected. Our procedures substantiated that the growth for the year was reasonable.

In order to challenge the historical accuracy of management's biomass estimates we have reviewed the harvest deviation for the period. We found the accumulated deviations to be as expected.





### *Valuation of biological assets at fair value*

(See also note 2 and 7 for further information about biological assets.)

The Group measures biological assets at fair value in accordance with IAS 41.

Valuation of biological assets is important for the understanding of the financial statements. The fluctuations in the fair value estimate that occur due to, for instance, changes in the market price, may have significant impact on the period's operating result. The Group therefore shows the effect of fair value adjustments for biological assets as a separate line item before operating result (EBIT).

We focused on the valuation of this item due to the size of the amount (MNOK 2 460 per 31.12.2016), the complexity of the calculation and because the estimate involves judgement.

We challenged management's model for calculation of fair value of biological assets by assessing the model against the criteria in IAS 41 and IFRS 13. We found that the model includes the elements that the accounting standards require.

We checked whether the biomass that formed the basis for the Group's model corresponded with the Group's biomass system and controlled that the model made the mathematical calculations as intended.

After having assured that these fundamental were in place, we assessed whether the price assumptions that management used in the model were reasonable. We assessed the price assumptions against observable spot- and/or forward prices from FishPool and other observable markets. We found management's price assumptions to be reasonable.

We challenged management's assumptions for future mortality and expected production cost by assessing these factors against industry data and the Group's historical results. We found the assumptions to be in line with industry data and historical results.

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### *Other information*

Management is responsible for the other information. The other information comprises the Board of Directors' report, principles of Corporate Governance and information in the Group's Sustainability Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.




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### *Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provide the Audit Committee with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



*Report on Other Legal and Regulatory Requirements*

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*Opinion on the Board of Directors' report*

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.

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*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, 3 April 2017  
**PricewaterhouseCoopers AS**

Jon Haugervåg  
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

# GRIEG SEAFOOD APM

## ALTERNATIVE PERFORMANCE MEASURES

Grieg Seafood Group applies APMs (alternative performance measures) to demonstrate corporate achievements in the most relevant and informative way possible to our users. APMs listed below have been applied consistently over time, with one exception: Calculation of net interest bearing debt excl. factoring. Starting with Q1 reporting in 2016, figures showing Bremnes Fryseri AS' share of bank in Ocean Quality AS, as well as factoring, are omitted.

The performance measure is used to calculate NIBD/EBITDA share, which represents one of the covenants required by the bank syndicate, where Ocean Quality AS is not consolidated into the calculation. The revised method of Q1 2016 will apply to future calculations of NIBD/EBITDA shares under the loan terms.



ALTERNATIVE PERFORMANCE			
NO.	MEASURE (APM)	DEFINITION AND CALCULATION	REASON FOR APPLYING APM
1	EBIT	Unless otherwise specified, EBIT (earnings incl. amortisation and depreciation) is prior to fair value adjustment. This applies to all key figures where EBIT is a component, including: EBIT/ kg (NOK) EBIT/ kg GWE	EBIT before fair value adjustment provides a more informative result as it does not take into account future gains or losses on fish not yet sold at the point of fair value adjustment. In addition, it provides an industry measure.
2	EBIT before fair value adjustment of biological assets	Operating profit incl. amortisation and depreciation, excl. fair value adjustment of biological assets	This is the mandatory financial measure according to standard
3	EBITDA before fair value adjustment of biological assets	Unless otherwise specified, EBITDA (operating profit) is calculated before fair value adjustment of biological assets. This applies to all key figures where EBITDA is a component, including: EBITDA (%) EBITDA margin EBITDA margin – terminal value NIBD/EBITDA	EBITDA before fair value adjustment provides a more informative result as it does not take into account future gains or losses on fish not yet sold at the balance sheet date, contrary to fair value adjustment. In addition, it provides an industry measure.
4	Equity ratio excluding Ocean Quality	Equity ratio is calculated both with and without Ocean Quality, due to bank syndicate equity demands exclusive of the consolidated Ocean Quality. Equity ratio excl. Ocean Quality is solely considering Grieg Seafood companies, pertaining to both equity and total liability.	Applied to measure the company's solidity, according to the Group's covenant requirements.
5	NIBD/EBITDA	Net interest bearing debt (NIBD) comprises long-term and current debt to financial institutions, after deducting cash and cash equivalents. NIBD is calculated in two ways: 1) Including all long-term and current debt to credit institutions 2) According to covenants required by the bank syndicate. When calculating NIBD according to covenants the factoring debt is not included. Furthermore, cash and cash equivalents are reduced with an amount corresponding to Bremnes Fryseri AS' share of OQ AS' bank deposits. For both versions, EBITDA is before fair value adjustments of biological assets.	
6	ROCE	Corresponds to return on capital employed before fair value adjustment of biological assets. Denominator is NIBD excluding Ocean Quality. Calculation: $ROCE = \frac{EBIT}{\text{annual average NIBD} + \text{annual average equity excluding fair value adjustment of biological assets}}$	We extract a share of OQ from interest bearing debt, as it is not interest bearing debt according to covenant definitions. Fair value adjustment of biological assets is extracted as this is a highly volatile variable. The company has limited influence on price, which is an important factor in the calculation.
7	EPS	EPS (Earnings per share) = (net profit after taxes minus shares of non-controlling interests)/ number of shares	Measurement figure in relation to financial standard
8	API In-bath treatment	API (=Amount of pharmaceutical ingredient) Antibiotics = amount of antibiotics defined as an agent measured in grams per ton produced live weight fish. API = grams per ton LWE	The performance measure provides a better indicator of the proportion of antibiotics used in production.