

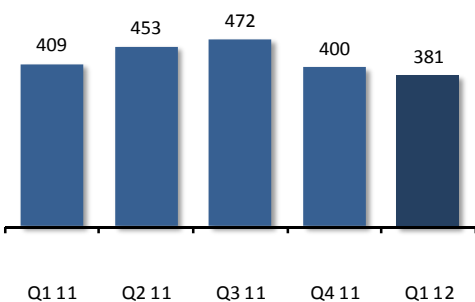
Interim Report



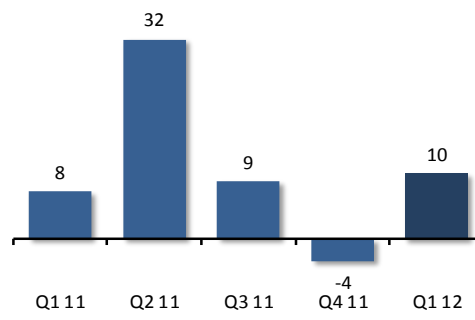
Q1-12



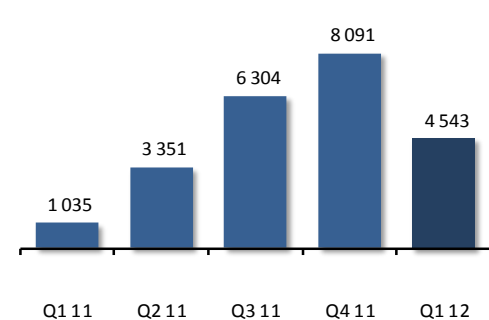
Operating revenues (MNOK)



EBIT pre fair value adjustments (MNOK)



Harvested volume (HOG)





HIGHLIGHTS Q1 2012

- Farming operations continue to improve operational performance.
 - Good biological status.
 - Continued reduction of production cost in Region North. Challenges at the processing plant in Finnmark have resulted in slightly reduced margins.
 - Low harvest volume in Region South during the quarter.
- Sales increased volumes significantly, but experienced challenging margin development in the quarter.
 - Sold volume of 12,817 tons in the quarter, an increase of 35 % from the first quarter of 2011.
 - Satisfying margin development at the start of the second quarter of 2012.
 - Improved position in the biggest growth markets.
- Equity ratio has increased to 41.1 %.
- Positive cash flow from operating activities of NOK 49.7 million.
- Share issue and sales of treasury shares improved the equity with NOK 42.5 million. The group's bank facility increased by the same amount at the same time.

NORWAY ROYAL SALMON - KEY FIGURES (NOK '000)	Q1 2012	Q1 2011	Year 2011
Operating revenues	380 551	409 198	1 734 022
EBITDA	17 675	13 051	70 800
Operating result before fair value adjustments	10 395	7 525	47 257
EBIT	13 172	31 957	-25 870
Income from associates	6 145	2 852	-1 689
EBT	11 337	51 321	-17 166
EPS (NOK) – before fair value adjustments	0,17	0,72	1,25
ROACE ¹⁾	5,2 %	13,1 %	5,1 %
Net cash flow from operating activities	49 663	-1 697	-25 781
Investments in tangible fixed assets and intangible assets	5 819	26 374	94 403
Net interest-bearing debt	455 859	418 186	531 734
Equity ratio	41,1 %	42,3 %	36,3 %
Farming			
Volume harvested (HOG)	4 543	1 035	18 781
EBIT per kg (pre fair value adjustments)	2,41	11,90	2,19
Sales			
Volume sold - Sales segment	12 817	9 525	50 428
EBIT per kg (pre fair value adjustments)	0,29	0,24	0,47

1)ROACE: Return on average capital employed based on 12-months rolling EBIT aligned for fair value adjustments / average (NIBD + Equity - Financial assets)



FINANCIAL PERFORMANCE

Revenues and performance

The Group's consolidated operating revenues in the first quarter totalled NOK 380.6 million, compared with NOK 409.2 million in the same quarter in 2011, a decrease of 7.0 per cent. The Group posted an operating profit before fair value adjustments of NOK 10.4 million in the first quarter, compared with a profit of NOK 7.5 million in the corresponding period last year, which equals an increase of NOK 2.9 million. The reduction in revenues is caused by lower market prices of 35 per cent compared with the corresponding period last year. Despite the decrease in price the operating profit was higher than the first quarter of 2011, this was due to the increase in volume at the farming business. The group recognised fair value adjustments of NOK 2.7 million in the first quarter compared with NOK 24.4 in the same quarter last year, a decrease of NOK 21.7 million.

The Farming segment harvested a total of 4,543 tons gutted weight in the first quarter, a significant increase compared with the 1,035 tons harvested in the first quarter last year. The Farming segment achieved an EBIT per kg before fair value adjustments of NOK 2.41, compared with NOK 11.90 the previous year.

The Sales segment sold 12,817 tons in the period, compared with 9,525 tons in the same quarter the previous year, which resulted in an EBIT of NOK 0.29 per kg, compared with NOK 0.24 the previous year.

Financial items and share of profit of associates

Income from associates was a profit of NOK 6.1 million in the first quarter, compared with NOK 2.9 million in the corresponding period last year. NRS's share of fair value adjustments of the biomass after tax in the quarter was close to zero in the period. Associated farming companies harvested a total of 2,271 tons in the first quarter, 1,919 tons more than in the corresponding quarter last year. NRS's share of the above figure amounts to 817 tons, an increase of 691 tons against the first quarter of 2011.

Other net financial expenses in the first quarter totalled NOK 8.0 million, compared with NOK 7.2 million in the same quarter of 2011, an increase of NOK 0.8 million. At NOK 8.9 million, net interest expenses for the period were up NOK 3.1 million on the prior-year figure of NOK 5.8 million, the increase was caused by higher interest-bearing debt and a higher interest rate level. This item was also impacted by changes in unrealised currency forward contracts and foreign exchange rate fluctuations on monetary items that vary from period to period.

Balance sheet

At the end of the first quarter of 2012 the Group had total assets of NOK 1,415.7 million, compared with NOK 1,467.3 million at the end of the previous quarter, a decrease of NOK 51.6 million. The change in total assets is mainly attributable to the group's receivables decreasing by NOK 55.4 million during the period.

At the end of the reporting period the Group's net interest-bearing debt totalled NOK 455.9 million, compared with NOK 531.7 million at the end of the previous period, a decrease of NOK 75.9 million. The decrease is mainly due to the decrease of NOK 60.2 million in accounts receivables, as well as net share issue and sales of treasury shares of NOK 42.1 million in the first quarter. Reduced accounts payables and investments in fixed assets in the quarter increased the interest-bearing debt. At the end of the 1st quarter the group's net interest-bearing debt to the group's main banking connection was NOK 278.5 million of a total credit facility of NOK 542 million.

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At the end of the first quarter the Group's equity totalled NOK 582.3 million, an increase of NOK 49.6 million from the end of the previous quarter. The increase is attributable to the profit of NOK 9.7 million in the period and the net contribution from the share issue and sales of treasury shares of NOK 42.5 million in the period. At the end of the first quarter the Group had an equity ratio of 41.1 per cent, which was up from 36.3 per cent at the end of the previous quarter.

Statement of cash flow

The Group's operating activities during the quarter generated a cash inflow of NOK 49.7 million, which represents an increase of NOK 51.4 million compared with the corresponding prior-year quarter. The increase is primarily attributable to a positive EBITDA of NOK 17.7 million, a reduction of accounts receivables of NOK 60.2 million, while a reduction of NOK 34.2 million in accounts payables has reduced the positive cash flow.

Net cash outflow in connection with investing activities in the first quarter amounted to NOK 7.0 million, compared with an outflow of NOK 24.9 million in the first quarter of 2011, and primarily relates to cash outflows of NOK 5.8 million from investments in operating assets.

Net cash outflows from financing activities in the first quarter totalled NOK 42.6 million, compared with net cash inflow of NOK 27.3 million in the same quarter in 2011. Leasing liabilities increased by NOK 4.7 million and the bank overdraft facility fell by NOK 74.2 million, at the same time net cash inflows from the share issue and sale of treasury shares amounted to NOK 42.1 million.

SEGMENT INFORMATION

The Group's business activities are organised into two main operating segments: Farming and Sales. The Farming segment includes salmon farming and harvesting activities. The Sales segment includes the trading of salmon and trout, as well as the Group's chain management activities.

The Group owns 25 licences for the production of farmed salmon, divided between 19 licences in Region North and 6 licences in Region South. The Group's associates own a combined total of 8 licences.

FARMING SEGMENT

The Farming segment is divided into two regions. Region North comprises fish farming facilities located in Senja and western Finnmark. Region South comprises fish farming facilities located in the area around Haugesund.

KEY FIGURES (NOK '000)	Q1 2012	Q1 2011	Year 2011
Operating revenues	113 197	38 605	500 783
Operating profit before fair value adjustments	10 964	12 315	41 172
Volume harvested (tons)	4 543	1 035	18 781
EBIT per kg – before fair value adjustments	2,41	11,90	2,19

The harvest volume in 2012 is estimated at 22,500 tons and at 28,000 tons in 2013. Total smolts released in 2011 were 7.7 million, and a total of 7.8 million smolts are planned released in 2012.



Region North

Region North posted sales of NOK 103.0 million in the first quarter, compared with NOK 38.5 million in the corresponding prior-year period, the increase of 168 per cent was entirely attributable to increased volume. EBIT before fair value was NOK 10.7 million, a decrease of NOK 1.6 million compared with the NOK 12.3 in the first quarter of 2011. EBIT per kg was NOK 2.59, compared with NOK 11.89 in the first quarter of 2011.

4,145 tons were harvested in the region in the first quarter, compared with 1,035 tons in the same quarter the previous year, a rise of 300 per cent. The achieved average price in the period was NOK 24.83 per kg, a decrease of NOK 12.37 per kg against the corresponding period last year. Fixed-price contracts represent 2 per cent of sold volume in the quarter. The production cost for Region North has improved further since the fourth quarter last year. There has been a higher degree of downgrading than normal because of problems at the processing plant in Finnmark. This has resulted in lower sales prices. Region North has had good growth in the quarter.

The harvest volume in 2012 is estimated at 15,000 tons and at 21,700 tons in 2013. Total smolts releases in 2011 were 5.9 million, and a total of 5.8 million smolts are planned released in 2012.

KEY FIGURES (NOK '000)	Q1 2012	Q1 2011	Year 2011
Operating revenues	102 935	38 501	348 409
EBITDA	15 379	15 785	62 654
Operating profit before fair value adjustments	10 733	12 306	46 127
EBIT	11 507	32 372	-8 366
Investment in tangible and intangible assets	3 425	18 290	64 158
Volume harvested (tons)	4 145	1 035	12 871
EBIT per kg – before fair value adjustments	2,59	11,89	3,58

Region South

Region South generated sales revenues of NOK 10.3 million in the period, compared with NOK 0.1 million in the same quarter the year before. The increase is only due to higher volume as there was no harvest in Region South in the first quarter of 2011. EBIT before fair value was NOK 0.2 million, an increase of NOK 0.2 million. EBIT per kg was NOK 0.58.

A total of 398 tons was harvested in Region South in the first quarter. The average price achieved in the period was NOK 25.78 per kg. Fixed-price contracts represent 2 per cent of sold volume in the quarter. The production cost in the first quarter is at the same level as in the fourth quarter last year. The production costs are expected to remain on the same level when harvesting the 2010-generation and to be lower when harvesting the 2011-generation.

Region South has shown very good growth in the quarter. Mortality at the 2011-generation has been historically low. Smolts of very good quality have been put in the sea. The biological status is very good, and there is no detected disease in the quarter.



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The harvest volume in 2012 is estimated at 7,500 tons and in 2013 at 6,300 tons. Total smolts released in 2011 were 1.8 million, and a total of 2.0 million smolts are planned released in 2012.

KEY FIGURES (NOK '000)	Q1 2012	Q1 2011	Year 2011
Operating revenues	10 262	104	152 375
EBITDA	2 704	1 894	3 845
Operating profit before fair value adjustments	232	9	-4 955
EBIT	2 668	5 116	-20 303
Investment in tangible and intangible assets	2 304	9 237	28 893
Volume harvested (tons)	398	0	5 910
EBIT per kg – before fair value adjustments	0,58	0,00	-0,84

SALES SEGMENT

The Sales Segment posted sales revenues of NOK 378.8 million in the first quarter of 2012, compared with NOK 409.0 million in the same quarter the previous year, which corresponds to a decrease of 7.4 per cent. The decrease is due to lower prices in the quarter. The Sales Segment experienced a positive increase in sales volumes of 34.6 per cent. A total of 12,817 tons were sold in the first quarter, compared with 9,525 tons in the same period last year. EBIT per kg in the first quarter were NOK 0.29, compared with NOK 0.24 in the corresponding prior-year period. The average NOS price for superior quality during the quarter was NOK 26.0 per kg gutted weight, an increase of 15 per cent from the fourth quarter of 2011 and 35 per cent down on the first quarter of 2011.

KEY FIGURES (NOK '000)	Q1 2012	Q1 2011	Year 2011
Operating revenues	378 781	409 030	1 685 577
EBITDA	3 964	2 449	24 299
Operating result before fair value adjustments	3 734	2 287	23 583
Investment in tangible and intangible assets	91	196	752
Volume sold (tons)	12 817	9 525	50 428
EBIT per kg before fair value adjustments	0,29	0,24	0,47
EBIT margin (before fair value adjustments)	1,0 %	0,6 %	1,4 %

ABSENTEEISM

The group had a sickness absence rate of 6.9 per cent in the period and 1 personal injury occurred during the period.

SHARES

As of 31 March 2012 Norway Royal Salmon ASA had 43,572,191 shares, allocated among 1,380 shareholders, which is approximately the same number as at the end of the previous quarter. At the end of the first quarter the Group had no treasury shares. The share price increased from NOK 7.48 at the end of December 2011 to NOK 11.50 at the end of March 2012. 8,561,572 shares were traded in the quarter including shares from the share issue.



EVENTS IN THE QUARTER

Share issue and sale of treasury shares

Norway Royal salmon completed a private placement on the 28th of February 2012. The company issued 3,961,108 new shares and sold 1,467,442 existing treasury shares at a price of NOK 8.00 per share. The gross proceeds from the placement amounted to NOK 43.4 million.

In connection with the placement the company's bank syndicate agreed to increase the Company's current bank facility with an amount equal to the net proceeds raised in the placement. Hence from the same date the bank facility increased by NOK 42.4 million.

MARKET CONDITIONS

The total value of export of salmon from Norway in the first quarter of 2012 was NOK 6.8 billion, a decrease of NOK 681 million compared with the first quarter of 2011. The decrease is due to a significant lower salmon price compared with the same period last year. The average price for superior quality during the quarter was NOK 26.0 (delivered Oslo) per kg. In the same period last year the price was NOK 39.78 per kg.

The low salmon price has resulted in increased demand in most markets in the quarter. The export from Norway increased by 28 per cent compared with the same period last year. In addition the growth in Chile is considerable, resulting in the global consumption growth of salmon being estimated to be over 30 per cent in the first quarter of 2012.

Consumption of salmon in the European market has had a positive development, and in the 27 EU countries the import of Norwegian salmon increased by 25 per cent compared with the corresponding period last year. France, Poland, Denmark, Sweden, Great Britain, Spain and Finland are experiencing significant growth. In addition it is good to see that the PIGS-countries (Portugal, Italy, Greece and Spain) increased their demand for salmon by 35 per cent in the first quarter of 2012. On of the few countries experiencing a decline in the first quarter is Germany where imports have been reduced by 8 per cent.

Eastern Europe, with Russia at the head, has had a high consumption growth of Norwegian salmon during the quarter. In the first quarter Russia was the largest single market for Norwegian salmon in volume with an import of 35,961 tons (round weight), corresponding to 14 per cent of all Norwegian exported salmon. This is an increase of 48 per cent compared with the corresponding period last year. With regards to volume, France fell from being the largest single market in the fourth quarter last year to being the second largest export market for Norway. Despite the fall, the growth in this market continued and in the first quarter France increased its import of Norwegian salmon with 21 %.

As Russia becomes an increasingly important consumer of Norwegian salmon it is more important than ever that trade is done without significant barriers to trade. At the end of April it was announced that 13 of 35 approved Norwegian primary processing plants will not have the possibility to export salmon to Russia after May 5th 2012. Russia also announced that the 22 remaining processing plant will be inspected. The Norwegian salmon industry is working hard to satisfy all demands from Russia so the positive development towards Russia can continue.

Norwegian salmon export to the Asian market is also increasing. Despite the continuing problems with export to China, if one see China, Hong Kong and Vietnam as a whole there has been a growth of 29 per cent in these markets.

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We view the market situation ahead as positive as the demand for salmon is good in almost all markets. At the same time the global supply of salmon in the next couple of quarters will increase significantly. An important assumption for the positive market view is that the export to the Russian market will be allowed to develop normally without any major trade barriers.

OUTLOOK

The Farming operations are still experiencing strong growth and estimate a harvest of 22,500 tons in 2012 and 28 000 tons in 2013 compared with 18,800 tons in 2011. Total smolts released in 2011 were 7.7 million and planned smolts to be released in 2012 are 7.8 million. Planned smolts to be released in 2012 have increased by 0.3 million from the previous interim report, which results in an increased estimated harvest volume in 2013 of 1,300 tons. The increase is related to Region South and is due to a more even utilization of MAB and access to good smolt.

The Farming operations have hedged approximately 20 per cent of the volume for the rest of the year through physical and financial contracts, of which approximately 30 per cent of the volume in the 3rd quarter is hedged.

The market situation ahead is seen as positive because the demand for salmon is good in most markets. Towards the end of the year a limited growth in the global supply of salmon is expected. An important assumption for the positive market view is that export to the Russian market will develop normally without any major barriers to trade.

The Sales operation is expected to have a good supply of salmon ahead and the margins are expected to improve throughout the rest of the year in comparison to the achieved margins in the first quarter of 2012.

Trondheim, 15 May 2012

Helge Gåsø
Chair

Kristine Landmark
Vice Chair

Eva von Hirsch

Inge Kristoffersen

Endre Glastad

Åse Valen Olsen

John Binde
CEO



INTERIM REPORT INCOME STATEMENT

(NOK '000)	Q1 2012	Q1 2011	Year 2011
Operating revenues	380 551	409 198	1 734 022
Cost of goods sold	332 031	369 820	1 549 263
Salaries	16 299	13 285	60 595
Depreciation	7 280	5 526	26 043
Write-downs	0	0	0
Other operating costs	14 547	13 042	53 365
Operating profit before fair value adjustments	10 395	7 525	44 757
Fair value adjustments	2 777	24 432	-70 627
EBIT	13 172	31 957	-25 870
Gain on realisation of financial assets	0	23 726	41 430
Share of profit of associates	6 145	2 852	-1 689
Other net financial items	-7 980	-7 214	-31 038
EBT	11 337	51 321	-17 166
Tax	-1 658	-7 711	15 548
Net profit/loss	9 679	43 610	-1 618
Profit attributable to:			
Parent company shareholders	8 886	42 036	2 140
Minority interests	793	1 574	-3 759
Earnings per share (NOK)	0,22	1,15	0,06
Earnings per share - diluted	0,22	1,15	0,06

EXTENDED INCOME STATEMENT

(NOK '000)	Q1 2012	Q1 2011	Year 2011
Net profit/loss	9 679	43 610	-1 618
Financial assets available for sale (net)	0	-23 132	-23 132
Total comprehensive income	9 679	20 478	-24 750
Total comprehensive income attributable to:			
Parent company shareholders	8 886	18 904	-20 992
Minority interests	793	1 574	-3 759



BALANCE SHEET

(NOK '000)	31.03.2012	31.12.2011	31.03.2011
Intangible assets	502 887	502 887	498 287
Property, plant and equipment	175 850	177 311	134 786
Non-current financial assets	107 935	103 238	123 981
Non-current assets	786 673	783 436	757 054
Inventory and biological assets	407 255	406 730	462 105
Receivables	215 537	270 922	225 850
Bank deposits, cash	6 272	6 205	5 375
Current assets	629 064	683 857	693 330
TOTAL ASSETS	1 415 736	1 467 292	1 450 384
Share capital	43 573	38 144	38 144
Other equity	500 682	457 289	531 392
Non-controlling interests	38 022	37 229	43 436
Equity	582 276	532 662	612 972
Pensions	8 480	8 480	7 719
Deferred tax	155 084	153 784	178 922
Provisions	163 564	162 265	186 641
Long-term interest-bearing debt	321 210	320 884	297 067
Short-term interest-bearing debt	140 921	217 054	126 494
Trade payables	185 673	219 868	202 913
Tax payable	0	0	1 135
Other current liabilities	22 091	14 558	23 162
Current liabilities	348 684	451 480	353 704
TOTAL EQUITY AND LIABILITIES	1 415 736	1 467 292	1 450 384



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STATEMENT OF EQUITY

31.03.2012	Equity allocated to parent company shareholders					Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium fund	Retained earnings	Total		
(NOK '000)							
Equity at 01.01.2012	39 611	-1 467	54 936	402 352	495 433	37 229	532 662
Total comprehensive income	0	0	0	8 886	8 886	793	9 679
Transactions with shareholders							
Share issue	3 961	0	27 728	0	31 689	0	31 689
Net share issue transaction costs	0	0	-681	-240	-922	0	-922
Share based payment	0	0	0	174	174	0	174
Purchase/sale of treasury shares	0	1 467	0	10 273	11 740	0	11 740
Other changes in associates	0	0	0	-2 746	-2 746	0	-2 746
Total transactions with shareholders	3 961	1 467	27 046	7 461	39 935	0	39 935
Equity at 31.03.2012	43 572	0	81 982	418 699	544 254	38 023	582 276

31.03.2011	Equity allocated to parent company shareholders					Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium fund	Retained earnings	Total		
(NOK '000)							
Equity at 01.01.2011	37 229	-9	15 526	485 188	537 934	41 862	579 796
Comprehensive income	0	0	0	18 904	18 904	1 574	20 478
Transactions with shareholders							
Share issue	2 382	0	43 730	0	46 112	0	46 112
Net share issue transaction costs	0	0	-4 307	0	-4 307	0	-4 307
Share based payment	0	0	0	99	99	0	99
Purchase/sale of treasury shares	0	-1 458	0	-27 747	-29 205	0	-29 205
Total transactions with shareholders	2 382	-1 458	39 423	-27 648	12 699	0	12 698
Equity at 31.03.2011	39 611	-1 467	54 949	476 444	569 537	43 436	612 972

31.12.2011	Equity allocated to parent company shareholders					Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium fund	Retained earnings	Total		
(NOK '000)							
Equity at 01.01.2011	37 229	-9	15 526	485 188	537 934	41 862	579 796
Total comprehensive income	0	0	0	-20 992	-20 992	-3 759	-24 750
Transactions with shareholders							
Share issue	2 382	0	43 730	0	46 112	0	46 112
Net share issue transaction costs	0	0	-4 320	0	-4 320	0	-4 320
Share based payment	0	0	0	616	616	0	616
Dividend	0	0	0	-34 713	-34 713	-875	-35 588
Purchase/sale of treasury shares	0	-1 458	0	-27 747	-29 206	0	-29 206
Total transactions with shareholders	2 382	-1 458	39 410	-61 844	-21 511	-875	-22 386
Equity at 31.12.2011	39 611	-1 467	54 935	402 352	495 432	37 229	532 662



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STATEMENT OF CASH FLOW

(NOK '000)	Q1 2012	Q1 2011	Year 2011
Operating profit before fair value adjustments	10 395	7 525	44 757
Adjusted for:			
Tax paid	0	0	-3 031
Depreciation/amortisation	7 280	5 526	26 043
Gains (-)/ losses (+) on disposal of non-current assets	0	0	-1 845
Share based payment	174	242	616
Pension costs with no cash effect	0	0	761
Change in inventory / biomass	2 124	-29 979	-75 378
Change in debtors and creditors	25 833	14 445	-8 459
Change in other current assets and other liabilities	3 857	544	-9 245
Net cash flow from operating activities	49 663	-1 697	-25 781
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	0	0	2 213
Payments for purchase of property, plant and equipment and intangible assets	-5 819	-26 374	-94 403
Payments in connection with other transactions	0	0	-300
Proceeds from investments in non-current financial assets	0	1 500	37 799
Payments for investments in non-current financial assets	0	-31	-1 903
Change in loans to associates and others	-1 200	0	-8
Net cash flow from investing activities	-7 019	-24 905	-56 602
Cash flow from financing activities			
Receipts from new long-term debt	4 694	21 730	67 392
Long-term debt repayments	-6 298	-4 414	-20 859
Net change in overdraft	-74 204	-24 496	60 664
Net payments from share issue	30 409	40 112	40 112
Purchase and sale of treasury shares	11 740	143	143
Interest paid	-8 918	-5 846	-28 025
Dividend payment	0	0	-35 586
Net cash flow from financing activities	-42 577	27 229	83 841
Net increase (+)/ decrease (-) in cash & cash equivalents	67	627	1 458
Cash and cash equivalents - opening balance	6 205	4 748	4 748
Cash and cash equivalents - closing balance	6 272	5 375	6 205

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting principles

These abridged, consolidated interim financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRSs) and such interpretations as are determined by the EU and published by the International Accounting Standards Board, including the interim reporting standard (IAS 34). The interim financial statements do not include all the information required of an annual financial report and must therefore be read in conjunction with the consolidated financial statements for the 2011 financial year.

The Group's accounting principles in this interim report are the same as described in the annual financial report for 2011, with the exception of standards and interpretations referred to in note 2 of the annual financial report for 2011. None of these standards or interpretations have affected the consolidated financial statements for 2012.



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NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: Segment information

The Group's operating segments can be divided into Sales and Fish Farming. The Sales segment includes the buying and selling of salmon and trout. The Group's chain management activities are also included in this business area. The Fish Farming segment includes salmon farming and harvesting activities. The Fish Farming segment is divided into two regions – Northern Region and Southern Region.

(NOK '000)	Sales		Fish Farming				Total	
	Q1 2012	Q1 2011	Northern Region		Southern Region		Q1 2012	Q1 2011
			Q1 2012	Q1 2011	Q1 2012	Q1 2011		
Total sales revenues	378 781	409 030	102 935	38 501	10 262	104	491 978	447 635
Internal sales revenues	0	0	101 259	38 437	10 262	0	111 521	38 437
External sales revenues	378 781	409 030	1 676	64	0	104	380 457	409 198
Operating profit before fair value adjustments	3 734	2 287	10 733	12 306	232	9	14 699	14 602
Fair value adjustments	-726	-6 710	775	20 066	2 436	5 107	2 485	18 463
EBIT	3 009	-4 423	11 507	32 372	2 668	5 116	17 184	33 065
Segment EBT	3 965	-5 886	7 097	29 363	-48	3 688	11 014	27 165
Volume sold - Sales segment	12 817	9 525					12 817	9 525
EBIT per kg (before fair value adjustments)	0,29	0,24					0,29	0,24
Volume harvested (HOG) - Fish Farming			4 145	1 035	398	0	4 543	1 035
EBIT per kg (before fair value adj. biomass)			2,59	11,89	0,58	0,00	2,41	11,90

(NOK '000)	Q1 2012	Q1 2011
EBT for reportable segments:	11 014	27 165
Unallocated income statement items:		
Gain on realisation of financial assets	0	23 726
Share of profit of associates	6 145	2 852
Inter-group losses on contracts (fair value adjustment)	292	5 969
Unallocated expenses (operations)	-4 304	-7 077
Unallocated interest (finance)	-1 810	-1 314
Total EBT	11 337	51 321



NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass

In accordance with IAS 41, the biomass is recognised at fair value less estimated harvesting and sales costs. Adjustments to the fair value of the biomass are presented on a separate line in the income statement.

Book value of inventory:

(NOK '000)	31.03.2012	31.12.2011	31.03.2011
Raw materials	9 748	12 381	8 612
Biological assets (biomass)	390 991	387 880	444 543
Finished goods	6 516	6 470	8 950
Total inventory	407 255	406 730	462 105

Specification of the biomass:

(NOK '000)	31.03.2012	31.12.2011	31.12.2010
Biomass at cost	383 184	382 721	338 611
Fair value adjustments of the biomass	7 807	5 159	105 932
Book value of the biomass	390 991	387 880	444 543

NOTE 4: Fair value adjustments

Fair value adjustments are a part of the Group's EBIT, but is presented in a separate line in order to give a better understanding of the Group's operating profit from goods sold. The item consists of:

(NOK '000)	Q1 2012	Q1 2011	Year 2011
Change in fair value adjustments of the biomass	2 648	30 932	-69 841
Change in provision for onerous sales contracts	0	-6 158	0
Change in provision for onerous purchase contracts	-45	0	0
Change in unrealised gains/losses on financial fish pool contracts	174	-342	-786
Total fair value adjustments	2 777	24 432	-70 627
Change in provision for onerous internal contracts	-292	0	0
Total fair value adjustments segments	2 485	24 432	-70 627

The fair value adjustments has the following effect in the balance sheet:

(NOK '000)	31.03.2012	31.12.2011	31.03.2011
Fair value adjustments biomass (inventory and biological assets)	7 807	5 159	105 932
Provision for onerous sales contracts (other current liabilities)	0	0	-6 158
Provision for onerous purchase contracts (other current liabilities)	-45	0	0
Fair value of financial fish pool contracts (other receivables/other current liabilities)	904	730	1 174
Net fair value adjustments in the balance sheet	8 666	5 889	100 948

NOTE 5: Write-downs and non-recurring items

The Group was listed on the Oslo Stock Exchange in the first quarter of 2011. Simultaneous to this, a share issue was carried out, where NOK 46.1 million in equity was received. The NOK 8.5 million in total costs that were incurred in connection with this process was broken down to NOK 6.0 million posted against equity and NOK 2.5 million expensed in Q1 2011.

Write-downs and non-recurring items

(NOK '000)	Q1 2012	Q1 2011	Year 2011
Costs of stock exchange listing	0	2 500	2 500
Total	0	2 500	2 500

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: Transactions with related parties

The Norway Royal Salmon Group undertakes transactions under ordinary terms and conditions with associates and chain members who are also NRS shareholders. This applies to the purchase of fish from fish-farming companies, as well as the purchase of harvesting services from two of the Group's associates. Smolts are also purchased from companies owned by associates.

Share-based incentive schemes

A bonus programme based on "synthetic options" was introduced for the Group's management in the first quarter of 2011. The bonus programme gives entitlement to a cash bonus based on the performance of the company's shares in the Oslo Stock Exchange on the day of quotation; 29 March 2011. Bonuses are calculated 12, 24 and 36 months after the day of quotation, and the bonus programme includes an obligation to invest the net bonus after tax in Norway Royal Salmon ASA (NRS) shares at the market price on the relevant date. Shares purchased in accordance with the bonus programme will be subject to a 12-month lock-up period. All bonus payments are conditional on full-time employment in the company. The bonus is calculated based on the increase in value of the share in NRS from the day of quotation to the specified dates, and in relation to price increases during the period on the number of shares covered by the programme.

280,000 of the options expired the first quarter of 2012. After this the scheme covers a total of 560,000 shares allocated to the Group's management. To date in 2012 costs relating to the option scheme have been recognised in the income statement in the amount of NOK 174,000.

For further details of transactions with related parties, please see the description in the annual report.

NOTE 7: Investments in associates

(NOK '000)	Shareholding	Book value 01.01.2012	Share of profit/loss in the period after tax	Other changes	Book value 31.03.2012	Share of volume harvested - tons HOG 31.03.2012 *
Company						
Wilsgård Fiskeoppdrett AS	37,50 %	36 117	483	0	36 600	362
Måsøval Fishfarm AS	36,10 %	15 872	329	-2 746	13 455	246
Hellesund Fiskeoppdrett AS	33,50 %	21 517	5 350	0	26 867	209
Hardanger Fiskeforedling AS	31,10 %	4 417	551	0	4 968	0
Espevær Laks AS	37,50 %	829	-567	0	262	0
Ranfjord Fiskeprodukter AS	27,65 %	17 288	0	0	17 288	0
Other		48	0	0	48	0
Total associates 31.03.2012		96 088	6 146	-2 746	99 488	817
Total associates 31.03.2011		114 136	2 852	32	117 020	126

* The harvested volume comprises NRS's share of the harvested volume of associates

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NOTES TO THE FINANCIAL STATEMENTS

Note 8 Interest rate swap

NRS entered into an interest rate swap in 2011 at the end of the third quarter. The interest rate swap is not recognized as hedge accounting under IFRS. Subsequent the fair value changes on the agreement will be charged to the income statement as a part of other net financial items.

(NOK '000)

Currency	Amount	NRS pays	NRS receives	Maturity	Market value 31.12.2011	Market value 31.03.2012	Change in market value Q1 2012
NOK	100 000	Fixed 3,37%	3 M NIBOR	07.09.2016	-2 315	-2 054	261

NOTE 9: Loans to credit institutions

The Group's main borrowing covenants are based on standard ratios relating to solvency (equity ratio) and earnings (net interest-bearing debt/EBITDA). From the fourth quarter of 2011 the Group's covenants was changed. The group has been exempt from the covenant saying that net interest bearing debt shall not exceed 6.5 times a 12-months rolling EBITDA in 2012. This covenant will apply from the first quarter of 2013 and will be reduced to 5.5 in the fourth quarter of 2013 and to 5.0 in the fourth quarter of 2014. The Group shall furthermore have an equity share of at least 30% in 2012, and from the first quarter of 2013 this covenant is increased to 35%. At the end of the first quarter 2012 the Group is in compliance with the terms of its loan agreements.

NOTE 10: Shareholders

Ownership structure – the 20 largest shareholders as at 31.03.2012:

Shareholder	No. of shares	Shareholding
Gåsø Næringsutvikling AS	6 016 278	13,81 %
Glastad Invest AS	5 317 861	12,20 %
Egil Kristoffersen og Sønner AS	4 234 059	9,72 %
Havbruksinvest AS	3 526 312	8,09 %
Måsøval Eiendom AS	3 488 022	8,01 %
Lovundlaks AS	2 292 454	5,26 %
Nyhamn AS	2 013 371	4,62 %
Sparebanken Midt-Norge Invest AS	1 656 663	3,80 %
Hellesund Fiskeoppdrett AS	1 140 000	2,62 %
Kverva AS	1 006 770	2,31 %
Six Sis AG 25PCT	751 006	1,72 %
Henden Fiskeindustri AS	639 502	1,47 %
Colebros LLC	502 065	1,15 %
Atoli AS	500 752	1,15 %
Wilsgård Fiskeoppdrett AS	468 689	1,08 %
MP Pensjon PK	450 700	1,03 %
Karl Olaf Jørgensen	435 100	1,00 %
Gry Marit Eikremsvik	430 000	0,99 %
Alf Pedersen	367 503	0,84 %
Sjøinvest AS	284 654	0,65 %
Total 20 largest shareholders	35 521 761	81,52 %
Total other shareholders	8 050 430	18,48 %
Total no. of shares	43 572 191	100,00 %

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