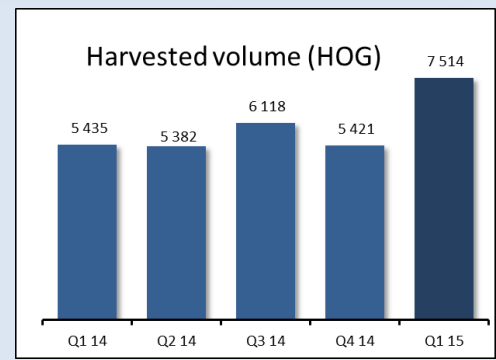
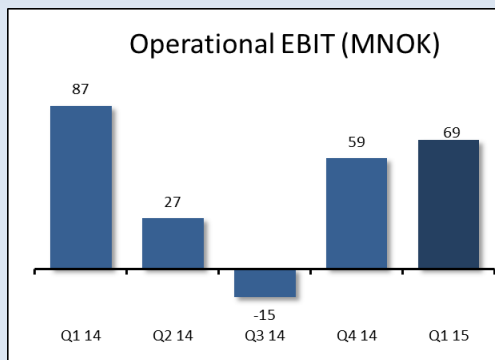
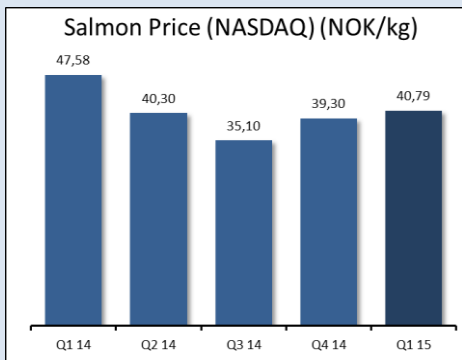


# Interim Report



# Q1-15



## HIGHLIGHTS Q1 2015

- Operational EBIT of NOK 69,3 million
  - Operational EBIT per kg of NOK 10.21 in Region North
  - Operational EBIT per kg of NOK 10.83 in Region South
  - Good profitability in the sales operations
- Harvested volume increased with 38 per cent and sold volume with 21 per cent compared with the corresponding period last year
- Higher production costs and reduced price achievement in the quarter
  - Harvested site on Senja with low average weight and high mortality due to the fish disease ISA
  - Accelerated harvesting at a site in Finnmark due to high share of winter wounds
- Reduced net interest bearing debt with NOK 52.8 million
- Good production in the quarter
- Salmon prices under pressure in the quarter due to high supply growth and loss of the Russian market
  - Expect low long-term global supply growth, which provide good price expectations

<b>NORWAY ROYAL SALMON - KEY FIGURES</b> (NOK '000)	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>FY 2014</b>
Operating revenues	760 067	695 371	2 599 799
Operational EBITDA	81 540	96 306	199 475
Operational EBIT	69 316	87 057	158 064
Income from associates	-6 991	2 522	27 136
EBIT	-62 363	28 325	242 656
EBT	-80 141	12 307	320 707
EPS (NOK) – before fair value adjustments	0,64	1,05	4,96
ROCE <sup>1)</sup>	11,7 %	29,3 %	13,7 %
Net cash flow from operating activities	60 218	102 016	95 455
Investments in tangible fixed assets/licences	4 782	8 355	266 712
Net interest-bearing debt	586 614	367 359	639 383
Equity ratio	41,3 %	47,8 %	39,0 %
Volume harvested (HOG)	7 514	5 435	22 356
Operational EBIT per kg <sup>2)</sup>	10,31	17,04	9,98
Volume sold - Sales	16 959	13 978	59 110

1)ROCE: Return on average capital employed based on 4-quarters rolling EBIT aligned for fair value adjustments / average (NIBD + Equity - Financial assets)

2) Operational EBIT for segments incl margin from sales

## FINANCIAL PERFORMANCE

(Figures in brackets = 2014, unless otherwise specified)

### Revenues and results

Norway Royal Salmon posted operating revenues of NOK 760.1 million (NOK 695.4 million) in the first quarter of 2015, an increase of 9 per cent from the corresponding prior-year period. Operational EBIT for the quarter was NOK 69.3 million (NOK 87.1 million), a decrease of NOK 17.8 million. The increase in revenues is due to higher sold volume. The reduction in operational EBIT was attributable to lower prices and higher production costs. The Group recognised fair value adjustments of NOK -124.7 million (NOK -61.3 million), a cost increase of NOK 63.4 million.

The farming business harvested 7 514 tonnes (5 435 tonnes) gutted weight in the quarter, an increase of 38 per cent from the corresponding quarter last year. Including allocated margins from sales, Farming achieved an operational EBIT per kg of NOK 10.31 (NOK 17.04). The decrease is due to lower prices and higher costs. The Sales business sold 16 959 tonnes (13 978 tonnes), an increase of 21 per cent.

### Financial items and share of profit from associates

Result from associates totalled NOK -7.0 million (NOK 2.5 million) in the first quarter. NRS' share of fair value adjustments of the biomass after tax amounted to NOK -14.9 million (NOK -0.6 million). Associated farming companies harvested 3 294 tonnes, 1 223 tonnes more than last year. NRS share of the above figure amounts to 1 182 tonnes, an increase of 436 tonnes.

Posted a loss of NOK 10.6 million on TRS agreements on own shares during the quarter. Net interest expenses for the period were NOK 5.9 million (NOK 4.7 million), an increase of NOK 1.2 million as a result of higher interest bearing debt.

### Balance sheet

At the end of the reporting period, total assets amounted to NOK 2 297 million, a decrease of NOK 302 million from the prior quarter end. The change in total assets is attributable to a number of factors. Fixed assets had a net decrease of NOK 7.4 million. Fair value adjustments of the biomass decreased by NOK 101.5 million, and inventories and biomass at cost decreased by NOK 65.7 million. The net decrease in inventories and biological assets was NOK 167.2 million. The Group's receivables decreased by NOK 144.2 million.

The Group's net interest-bearing debt decreased by NOK 52.8 million, from NOK 639.4 million at the end of the previous quarter to NOK 586.6 million as of 31 March 2015. The decrease was mainly attributable to an operational EBITDA of NOK 81.5 and a realised gain on TRS-agreements of NOK 94.7 million. Investments in fixed assets of NOK 4.8 million, payment of NOK 90.0 million for 9 green licenses awarded in 2014 and a decreased other current liabilities of NOK 22.2 had the opposite effect on the net interest-bearing debt.

As of 31 March 2015, the Group's equity totalled NOK 949.5 million, a decrease of NOK 64.4 million from the end of the previous quarter. The decrease is mainly attributable to a total comprehensive income of NOK 65.0. At the end of the first quarter, the equity ratio was 41.3 per cent.

### Statement of cash flow

The Group's operating activities generated a positive cash flow of NOK 60.2 million during the quarter, which represents a decrease of NOK 41.8 million compared with the corresponding prior-year quarter. The positive cash flow is attributable to an operational EBITDA of NOK 81.5 million, a decrease in inventories of NOK 65.7 million and a decrease in accounts receivables of NOK 49.9 million, while a decrease in accounts payables of NOK 116.2 million had an adverse effect on the cash flow.

Net cash outflows in connection with investing activities in the first quarter amounted to NOK 2.7 million (NOK 11.2 million), and is related to payments of NOK 94.8 million from investments in fixed assets and green licenses, while a gain on the realisation of TRS-agreements of NOK 94.7 million had a positive effect on the cash flow.

The net cash outflow from financing activities totalled NOK 34.9 million (NOK 86.5 million) in the first quarter. Interests paid and instalments amounted to NOK 6.6 million and NOK 9.5 million respectively. Leasing liabilities rose by NOK 1.2 million, long-term debt increased by NOK 100.0 million and the bank overdraft facility decreased by NOK 121.9 million.

## SEGMENT INFORMATION

The Group is organised into two business areas; Farming and Sales. The performance of the two business areas is monitored with the overall objective of maximising Operational EBIT per kg and margins.

The Farming business is divided into two geographical segments; Region North and Region South. Norway Royal Salmon monitors overall value creation from operations based on the salmon's source of origin. Consequently, external reporting focuses on measuring the overall profitability of the harvested volume based on source of origin (Operational EBIT/kg). For this reason, the contribution from the sales operations is allocated to Region North and Region South based on the volume harvested in the respective segments.

The Group owns 35 licences for the production of farmed salmon, divided between 29 licences in Region North, located in Senja and western Finnmark, and 6 licences in Region South, located in the area around Haugesund.

The business posted sales revenues of NOK 757.1 million in the first quarter of 2015 (NOK 694.3 million), an increase of 9 per cent. The spot price (NASDAQ) for superior quality during the quarter was NOK 40.79 per kg gutted weight, an increase of 4 per cent from the fourth quarter of 2014 and a decrease of 14 per cent compared with the first quarter of 2014. The sales operations experienced an increase in sales volumes of 21 per cent compared with the corresponding prior-year period. 16 959 tonnes (13 978 tonnes) were sold in the first quarter. The Sales business achieved operational EBIT before open fixed-price contracts of NOK 12.4 million, which equates to NOK 0.73 (NOK 0.18) per kg sold volume in the period. The loss on open fixed-price contracts was NOK 0.0 million (NOK -10.2 million) in the quarter. The sales operations has not entered into fixed-price contracts in 2015.

The Farming operations harvested 7 514 tonnes (5 435 tonnes) gutted weight in the first quarter, an increase of 38 per cent from the corresponding period last year. The estimated harvest volume for 2015 is 32 000 tonnes, an increase of 43 per cent from 2014.



# INTERIM REPORT

## Q1 2015

SEGMENT SUMMARY (NOK '000)	Q1 2015		Q1 2014	
	Operational EBIT	Operational EBIT per kg	Operational EBIT	Operational EBIT per kg
Farming	65 013	8,65	100 264	18,45
Sales	12 438	1,66	2 536	0,47
Fixed price contracts	0	0,00	-10 172	-1,87
<b>Sum segments</b>	<b>77 451</b>	<b>10,31</b>	<b>92 628</b>	<b>17,04</b>
Volume harvested (tonnes)	7 514		5 435	

### REGION NORTH

Operational EBIT came in at NOK 64.1 million (NOK 86.6 million), a decrease of NOK 22.5 million compared with the same quarter last year. Operational EBIT per kg amounted to NOK 10.21 (NOK 17.30).

6 283 tonnes (5 007 tonnes) were harvested in the region in the first quarter, an increase of 25 per cent. The achieved price for the Farming operations was NOK 7.25 per kg lower than in the corresponding period last year.

Production cost for harvested fish was NOK 3.23 higher than in the fourth quarter of 2014 and NOK 2.91 higher than in the corresponding period last year. Biological challenges with increased mortality at a site on Senja due to the fish disease ILA and winter wounds in Finnmark have resulted in accelerated harvesting of salmon with low average weight and high cost. Low average weight and winter wounds have also led to reduced sales prices. The feeding in the quarter has been higher than expected.

The estimated harvest volume for 2015 is 26 000 tonnes, an increase of 45 per cent from 2014.

KEY FIGURES (NOK '000)	Q1 2015	Q1 2014	FY 2014
Operating revenues	634 003	639 705	2 132 272
Operational EBITDA	73 401	93 065	226 796
Operational EBIT	64 117	86 642	205 683
Investment in tangible and intangible assets	4 346	6 772	198 791
Volume harvested (tonnes)	6 283	5 007	17 987
Operational EBIT per kg	10,21	17,30	11,44



### REGION SOUTH

Operational EBIT came in at NOK 13.3 million (NOK 6.0 million), an increase of NOK 7.3 million. Operational EBIT per kg amounted to NOK 10.83 (NOK 14.00).

1 231 tonnes (428 tonnes) were harvested in the region in the first quarter, an increase of 188 per cent. The Farming operations achieved a price NOK 9.79 per kg lower than in the corresponding prior-year period.

The production cost for harvested fish is NOK 0.69 per kg lower than in the fourth quarter and NOK 3.57 lower than in the corresponding period last year. The production cost is still high because of costs associated with the fish diseases Amoebic Gill Disease (AGD) and Pancreas Disease (PD). Region South experienced good growth in the quarter.

The estimated harvest volume for 2015 is 6 000 tonnes, an increase of 37 per cent from 2014.

<b>KEY FIGURES</b> (NOK '000)	<b>Q1</b> <b>2015</b>	<b>Q1</b> <b>2014</b>	<b>FY</b> <b>2014</b>
Operating revenues	123 368	54 561	449 774
Operational EBITDA	16 243	8 685	25 544
<b>Operational EBIT</b>	<b>13 334</b>	<b>5 987</b>	<b>17 461</b>
Investment in tangible and intangible assets	187	1 583	67 920
Volume harvested (tonnes)	1 231	428	4 369
<b>Operational EBIT per kg</b>	<b>10,83</b>	<b>14,00</b>	<b>4,00</b>

### SHARES

As of 31 March 2015 Norway Royal Salmon ASA had 43 572 191 shares, allocated among 1 102 shareholders, an increase of 132 from the end of the previous quarter. At the end of the quarter, the group had 3 642 treasury shares. The share price decreased from NOK 64.75 at the end of December 2014 to NOK 62.00 at the end of March 2015. 2 337 137 shares were traded during the quarter.

## EVENTS IN THE QUARTER

### Sickness absence

At 4.3 per cent, the Group's sickness absence rate increased by 0.2 per cent from the previous quarter. The long-term absenteeism represents a substantial part of the absence.

### Indictment against the subsidiary Nord Senja Laks AS

Nord Senja Laks AS was the 17 February 2015 charged with violating the rules on the reporting and handling of occurrences of sea lice, for giving wrongful information to the Norwegian Food Safety Authority (Mattilsynet) and with one account of omission of ensuring proper supervision and care when placing fish in waiting cages for harvesting. The indictment concerns the company's aquaculture facility in Lenvik in the period June 2012 to February 2013. The indictment reserves the right to request that the court confiscates dividend for saved costs by not implementing sea lice reducing measures, and loss of rights in the form of loss of the right to exercise awarded green licenses to farm salmon, trout and rainbow trout of 11 April 2014 and the right to exercise co-localisation of green licenses belonging to NRS Feøy AS of 17 December 2014. Nord Senja Laks AS was in 2014 awarded two green licenses.

## MARKET CONDITIONS

The total value of salmon exported from Norway in the first quarter was NOK 11.2 billion, an increase of NOK 0.5 billion compared with the first quarter of 2014. The increase of 5 per cent is mainly due to an increase of 11.6 per cent in exported volume. The average price (Nasdaq) for superior quality salmon was NOK 40.79 (delivered Oslo) per kg. In the same period last year, the price was NOK 47.30 per kg. Real growth from Chile was calmer and spot volumes from Chile fell by 5 per cent, but the sale of Chilean frozen salmon increased. The total increase in the global supply of salmon in the first quarter was 10 per cent compared to the same period last year. Increased global supply, along with the absence of demand from Russia/Ukraine due to sanctions, unrest and currency factors contributed to spot prices below last year's prices in the first quarter.

The demand from EU has been good, EU increased import of Norwegian salmon by 21.6 per cent in the quarter, which is substantially higher than the general supply growth. Most countries in the EU shows a significant growth compared to the same period last year and only countries like Greece and Austria showed a decline. Imports of salmon from Norway increased significantly in the major markets in the EU. Poland +18 per cent, France +12 per cent, UK +34 per cent, Denmark +17 per cent, Spain +34 per cent and the Netherlands +18 per cent, were some of these. Poland is the biggest market for Norwegian salmon with a market share of 13 per cent, while France is the second largest with a market share of 12 per cent.

Eastern Europe had a clear decline in imports of Norwegian salmon in the first quarter with a decline of 72 per cent. Russia, which has been the largest Eastern European importer, reduced its imports of Norwegian salmon by 100 per cent. This is because of the import restrictions on Norwegian salmon. In addition, Ukraine's imports continue to fall, and the volumes were 53 per cent lower than last year. Belarus, Turkey, Kazakhstan and other Eastern European markets had a growth of 63 per cent in the quarter. With trade restrictions against Russia and unrest in Ukraine, it is nice to see that other countries in the region have gotten the taste of Norwegian salmon. Despite Belarus being able to export processed goods to Russia, the exports from Norway to Belarus increased by only 24 per cent in the quarter. Turkey accounted for the greatest growth in Eastern Europe with a growth of 137 per cent to slightly over 3 000 tonnes in the quarter.

Demand from Asia developed well in the first quarter; the growth was 26 per cent compared with the same period last year. Significant lower export to Vietnam gave a negative contribution, while the other markets show strong growth. Hong Kong +15 per cent, Thailand +92 per cent, Taiwan +60 per cent, South Korea +71 per cent, Israel +82 per cent and Abu Dhabi +67 per cent were some of these. Even though the underlying demand for salmon is good, the trade issues with China continued throughout the quarter.

Demand for salmon in North America continued to be very strong and the export increased by 33 per cent compared to the same period last year. The development in foreign exchange rates, lower volumes from Chile, trade barriers in Russia and China, and market growth give in good possibilities for Norwegian salmon in the region.

The first quarter gave a strong contribution from the NRS' Sales operations. Underlying margin was higher than expected due to good supply of attractive sizes and a good performance of the sales department of NRS. The organization's ability to adapt to the loss of the large Russian market has worked well and the prices achieved have been good in the first quarter. The Group currently has no open fixed price contracts and the fish was sold at spot prices in the first quarter. The growth in sold volumes of 21 per cent compared with the same period last year was driven by a growth of more than 40 per cent in the Asian market. Asia accounted for 20 per cent of the export volumes from NRS in the first quarter. As a result of the loss of volumes to Eastern Europe the share to Western Europe has increased. In the first quarter, the share of exported volume from NRS to Western Europe was 70 per cent. The share to Eastern Europe was 8 per cent and North America 2 per cent.

## OUTLOOK

Harvested volume for the quarter was 7 514 tonnes. This is 900 tonnes higher than previously estimated due to good growth and accelerated harvesting caused by biological challenges in the quarter. The estimated harvest volume for 2015 is 32 000 tonnes, an increase of 43 per cent from 2014. The biomass at the end of the quarter is 1 859 tonnes (10 per cent) higher and the number of fish is 1.4 million (16 per cent) more than at the end of the first quarter of 2014.

NRS has not entered into any price hedging contracts for the harvest volume of 2015.

In the first quarter the supply of salmon to the global market increased with approximately 10 per cent, while demand in Russia and Ukraine dropped significantly due to sanctions, unrest and currency factors. This led to a supply growth of over 14 per cent for all other markets, which resulted in lower prices compared to the same period last year. After a period of strong supply growth, a lower supply growth is expected for the remainder of the year. Volumes from Norway are expected to increase by 2 to 6 per cent in this period depending on production growth. In Chile, a slight decline is expected, resulting in an expected increase in global supply of 1 to 5 per cent for the rest of the year. A continued low supply growth and a good work in the markets provides the basis for a positive market outlook for the industry. Currency factors in major markets such as Brazil and Russia is creating uncertainty in the shorter term, although the underlying demand is perceived as good in most markets we trade.

NRS was awarded 10 new licenses in 2014. This gives a possibility for 40 per cent organic growth and a more sustainable production for NRS. NRS believe we are well positioned to achieve and succeed with this in the Region North. Given the market outlook in the coming years with low supply growth, NRS expect that the new licenses will contribute positively to





# INTERIM REPORT

## Q1 2015

the Group's results. NRS is satisfied that the farming operations are primarily located in Troms and Finnmark, where there are good conditions for the production of salmon at low production costs. The allocation of new licenses further strengthens this position. The Group has invested NOK 267 million in licenses and fixed assets and NOK 116 million in biomass in 2014 related to this growth and expects to invest NOK 125 million in fixed assets and NOK 30 million in increased biomass in 2015.

Trondheim, 11 May 2015

Helge Gåsø  
Chair

Kristine Landmark  
Vice Chair

Marianne E. Johnsen

Inge Kristoffersen

Endre Glastad

Trude Olafsen

Charles Høstlund  
CEO



**INTERIM REPORT  
INCOME STATEMENT**

(NOK '000)	Q1 2015	Q1 2014	FY 2014
<b>Operating revenues</b>	<b>760 067</b>	<b>695 371</b>	<b>2 599 799</b>
Cost of goods sold	626 513	558 147	2 175 278
Salaries	27 704	21 550	104 557
Depreciation	12 224	9 248	41 412
Other operating costs	24 310	19 369	120 488
<b>Operational EBIT</b>	<b>69 316</b>	<b>87 057</b>	<b>158 064</b>
Fair value adjustments	-124 687	-61 254	57 456
Income from associates	-6 991	2 522	27 136
<b>EBIT</b>	<b>-62 363</b>	<b>28 325</b>	<b>242 656</b>
Gain/loss on financial assets	-10 643	-11 200	100 262
Other net financial items	-7 136	-4 817	-22 211
<b>EBT</b>	<b>-80 141</b>	<b>12 307</b>	<b>320 707</b>
Tax	16 877	-5 666	-52 422
<b>Net profit/loss</b>	<b>-63 264</b>	<b>6 641</b>	<b>268 284</b>
<b>Profit attributable to:</b>			
Parent company shareholders	-62 672	2 695	254 348
Minority interests	-592	3 947	13 936
Earnings per share (NOK)	-1,44	0,06	5,85
Earnings per share - diluted	-1,44	0,06	5,85

**EXTENDED INCOME STATEMENT**

(NOK '000)	Q1 2015	Q1 2014	FY 2014
<b>Net profit/loss</b>	<b>-63 264</b>	<b>6 641</b>	<b>268 284</b>
Items to be reclassified to profit or loss:			
Cash Flow hedges (net)	-1 749	3 746	-18 306
Items not to be reclassified to profit or loss:			
Actuarial gains/losses on defined benefit plans (net)	0	0	-6 665
<b>Total comprehensive income</b>	<b>-65 014</b>	<b>10 387</b>	<b>243 313</b>
<b>Total comprehensive income attributable to:</b>			
Parent company shareholders	-64 421	6 440	229 377
Minority interests	-592	3 947	13 936

## BALANCE SHEET

(NOK '000)	31.03.2015	31.12.2014	31.03.2014
Intangible assets	648 887	648 887	502 887
Property, plant and equipment	281 611	289 052	209 661
Non-current financial assets	148 500	155 051	139 802
<b>Non-current assets</b>	<b>1 078 998</b>	<b>1 092 990</b>	<b>852 350</b>
Inventory and biological assets	681 789	848 944	580 496
Receivables	451 796	596 035	342 700
Bank deposits, cash	84 069	61 494	58 064
<b>Current assets</b>	<b>1 217 654</b>	<b>1 506 472</b>	<b>981 260</b>
<b>TOTAL ASSETS</b>	<b>2 296 652</b>	<b>2 599 462</b>	<b>1 833 610</b>
Share capital	43 569	43 539	43 544
Other equity	841 735	905 587	775 129
Non-controlling interests	64 188	64 781	58 302
<b>Equity</b>	<b>949 493</b>	<b>1 013 907</b>	<b>876 975</b>
Pensions	18 733	18 733	10 320
Deferred tax	255 218	272 742	238 693
<b>Provisions</b>	<b>273 952</b>	<b>291 476</b>	<b>249 012</b>
<b>Long-term interest-bearing debt</b>	<b>610 304</b>	<b>518 788</b>	<b>384 788</b>
Short-term interest-bearing debt	60 379	182 089	40 635
Trade payables	310 103	426 331	231 389
Tax payable	0	2 031	7 923
Other current liabilities	92 421	164 842	42 887
<b>Current liabilities</b>	<b>462 903</b>	<b>775 293</b>	<b>322 834</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 296 650</b>	<b>2 599 462</b>	<b>1 833 609</b>

### STATEMENT OF EQUITY

31.03.2015 (NOK '000)	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
<b>Equity at 01.01.2015</b>	43 572	-34	905 587	949 126	64 781	1 013 907
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-64 421</b>	<b>-64 421</b>	<b>-592</b>	<b>-65 014</b>
<b>Transactions with shareholders</b>						
Share based payment	0	0	-1 245	-1 245	0	-1 245
Purchase/sale of treasury shares	0	30	1 814	1 844	0	1 844
<b>Total transactions with shareholders</b>	<b>0</b>	<b>30</b>	<b>569</b>	<b>599</b>	<b>0</b>	<b>599</b>
<b>Equity at 31.03.2015</b>	<b>43 572</b>	<b>-4</b>	<b>841 735</b>	<b>885 305</b>	<b>64 190</b>	<b>949 493</b>

31.03.2014 (NOK '000)	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
<b>Equity at 01.01.2014</b>	43 572	-30	771 090	814 632	54 355	868 989
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>6 440</b>	<b>6 440</b>	<b>3 947</b>	<b>10 387</b>
<b>Transactions with shareholders</b>						
Share based payment	0	0	-2 448	-2 448	0	-2 448
Purchase/sale of treasury shares	0	2	46	48	0	48
<b>Total transactions with shareholders</b>	<b>0</b>	<b>2</b>	<b>-2 402</b>	<b>-2 401</b>	<b>0</b>	<b>-2 401</b>
<b>Equity at 31.03.2014</b>	<b>43 572</b>	<b>-29</b>	<b>775 128</b>	<b>818 673</b>	<b>58 303</b>	<b>876 975</b>

31.12.2014 (NOK '000)	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
<b>Equity at 01.01.2014</b>	43 572	-30	771 090	814 632	54 355	868 989
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>229 377</b>	<b>229 377</b>	<b>13 936</b>	<b>243 313</b>
<b>Transactions with shareholders</b>						
Dividend	0	0	-93 332	-93 332	0	-93 332
Share based payment	0	0	-1 137	-1 137	0	-1 137
Dividend to non-controlling interests	0	0	0	0	-3 511	-3 511
Purchase/sale of treasury shares	0	-4	-248	-252	0	-252
Other changes associated companies	0	0	-163	-163	0	-163
<b>Total transactions with shareholders</b>	<b>0</b>	<b>-4</b>	<b>-94 880</b>	<b>-94 884</b>	<b>-3 511</b>	<b>-98 395</b>
<b>Equity at 31.12.2014</b>	<b>43 572</b>	<b>-34</b>	<b>905 587</b>	<b>949 126</b>	<b>64 781</b>	<b>1 013 907</b>

**STATEMENT OF CASH FLOW**

(NOK '000)	Q1 2015	Q1 2014	FY 2014
<b>Operational EBIT</b>	<b>69 316</b>	<b>87 057</b>	<b>158 064</b>
Adjusted for:			
Tax paid	-2 031	-390	-8 313
Depreciation	12 224	9 248	41 412
Gains (-)/ losses (+) on disposal of non-current assets	0	0	802
Share based payment	-1 245	-2 447	-1 137
Pension costs with no cash effect	0	0	-716
Change in inventory / biomass	65 699	27 819	-129 180
Change in debtors and creditors	-66 300	-35 327	33 844
Change in other current assets and other liabilities	-17 445	16 055	680
<b>Net cash flow from operating activities</b>	<b>60 218</b>	<b>102 017</b>	<b>95 456</b>
<b>Cash flow from investing activities</b>			
Payments for purchase of PPE and licenses	-94 782	-8 355	-176 712
Proceeds from investments in non-current financial assets	94 695	0	14 722
Payments for investments in non-current financial assets	-2 641	-2 804	-500
Change in loans to associates and others	0	0	127
<b>Net cash flow from investing activities</b>	<b>-2 728</b>	<b>-11 159</b>	<b>-162 363</b>
<b>Cash flow from financing activities</b>			
Receipts from new long-term debt	101 195	302 285	474 722
Long-term debt repayments	-9 528	-250 983	-277 236
Net change in overdraft	-121 861	-133 495	-4 223
Purchase and sale of treasury shares	1 844	46	-252
Interest paid	-6 565	-4 378	-21 499
Dividend payment	0	0	-96 845
<b>Net cash flow from financing activities</b>	<b>-34 915</b>	<b>-86 525</b>	<b>74 667</b>
Net increase (+)/ decrease (-) in cash & cash equivalents	22 575	4 332	7 760
Cash and cash equivalents - opening balance	61 494	53 732	53 734
<b>Cash and cash equivalents - closing balance</b>	<b>84 069</b>	<b>58 064</b>	<b>61 494</b>



### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1: Accounting principles

These condensed, 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 2014 financial year.

The condensed consolidated interim financial statements have not been audited. As a result of rounding differences, numbers or percentages may not add up to the total.

The consolidated financial statements for the Group for the year 2014 are available upon request from the company's head office at Olav Tryggvasons gate 40, Trondheim or at [www.norwayroyalsalmon.com](http://www.norwayroyalsalmon.com).

The Group's accounting principles in this interim report are the same as described in the annual financial report for 2014 with the exception of standards and interpretations referred to in note 1 of the annual financial report for 2014. None of these standards or interpretations have affected the consolidated financial statements for 2015.

#### NOTE 2: Segment information

Operating segments are identified based on the reporting used by Group management to assess performance and profitability at a strategic level. The Group management is defined as the chief operating decision-makers.

farming business includes salmon farming and harvesting activities. The fish farming business is divided into two regions: Region North, which consists of the fish farming business in Troms and West Finnmark; and Region South, which consists of the fish farming business in the area around Haugesund.

Transactions between the segments are made at market terms. Group management reviews monthly reports in connection with the segments. Performance is evaluated based on operating results (EBIT) per segment.

(NOK '000)	Sales		Region North		Region South		Eliminations/other		Total	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Total sales revenues	753 061	692 845	230 326	219 903	47 826	20 818	2 965	1 105	1 034 178	934 670
Internal sales revenues	0	0	226 286	218 481	47 826	20 818	0	0	274 112	239 299
<b>External sales revenues</b>	<b>753 061</b>	<b>692 845</b>	<b>4 041</b>	<b>1 422</b>	<b>0</b>	<b>0</b>	<b>2 965</b>	<b>1 105</b>	<b>760 067</b>	<b>695 371</b>
<b>Operational EBIT</b>	<b>12 438</b>	<b>-7 635</b>	<b>53 717</b>	<b>93 676</b>	<b>11 296</b>	<b>6 588</b>	<b>-8 135</b>	<b>-5 572</b>	<b>69 316</b>	<b>87 057</b>
Fair value adjustments	-23 231	-3 292	-83 909	-53 475	-17 547	-4 487	0	0	-124 687	-61 254
Income from associates	0	0	0	0	0	0	-6 991	2 522	-6 991	2 522
<b>EBIT</b>	<b>-10 794</b>	<b>-10 928</b>	<b>-30 192</b>	<b>40 201</b>	<b>-6 251</b>	<b>2 101</b>	<b>-15 126</b>	<b>-3 050</b>	<b>-62 363</b>	<b>28 325</b>
<b>EBT</b>	<b>9 665</b>	<b>-11 337</b>	<b>-33 538</b>	<b>38 796</b>	<b>-7 954</b>	<b>694</b>	<b>-48 314</b>	<b>-15 845</b>	<b>-80 141</b>	<b>12 307</b>
Volume harvested (HOG)			6 283	5 007	1 231	428			7 514	5 435
Operational EBIT per kg			8,55	18,71	9,18	15,40			8,65	18,45
Volume sold	16 959	13 978							16 959	13 978
Operational EBIT per kg	0,73	-0,55							0,73	-0,55
- of which loss on open fixed-price contracts per kg.	0,00	-0,73							0,00	-0,73

### 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. When estimating the biomass at fair value the best estimate of fair value for fish less than 1 kg is assumed to be accumulated cost, while for fish between 1 and 4 kg a proportionate share of full value is recognised. Harvestable fish (above 4 kg) is valued at full value. An expected fair value below the expected cost would imply a negative value adjustment of biological assets. Market prices based on externally quoted forward prices, and/or the most relevant pricing information available for the period when the fish are expected to be harvested are used when calculating the fair value.

#### Book value of inventory:

(NOK '000)	31.03.2015	FY 2014	31.03.2014
Raw materials	16 374	22 927	9 515
Biological assets (biomass)	647 681	808 674	562 280
Finished goods	17 734	17 343	8 700
<b>Total inventory</b>	<b>681 789</b>	<b>848 944</b>	<b>580 496</b>

#### Specification of the biomass:

(NOK '000)	31.03.2015	FY 2014	31.03.2014
Biomass at cost	548 935	608 472	473 528
Fair value adjustments of the biomass	98 746	200 202	88 752
<b>Book value of the biomass</b>	<b>647 681</b>	<b>808 674</b>	<b>562 280</b>

#### Specification of biological assets - tonnes

	Q1 2015	Q1 2014	FY 2014
Opening balance biological assets	23 537	20 160	20 160
Increase due fish put in the sea	0	196	938
Increase due to production in the period	6 109	5 120	32 728
Reduction due to mortality in the period	-514	-620	-1 790
Reduction due to harvesting in the period	-8 965	-6 548	-26 948
Non-recurring item and sold biomass	0	0	-1 551
<b>Closing balance biological assets</b>	<b>20 166</b>	<b>18 307</b>	<b>23 537</b>

#### Specification of biological assets by size – tonnes (round weight)

	31.03.2015	FY 2014	31.12.2013
Smaller than 1 kg	2 612	3 346	1 013
1-4 kg	9 452	6 833	8 793
Larger than 4 kg	8 103	13 358	8 500
<b>Biological assets as at 31 December</b>	<b>20 166</b>	<b>23 537</b>	<b>18 307</b>

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 4: Fair value adjustments

Fair value adjustments which are a part of the Group's EBIT, is presented on 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 2015	Q1 2014	FY 2014
Change in fair value adjustments of the biomass	-101 456	-57 962	53 488
Change in provision for onerous sales contracts	5 526	-1 085	-5 526
Change in unrealised gains/losses on financial fish pool contracts	-28 758	-2 207	9 494
<b>Total fair value adjustments</b>	<b>-124 687</b>	<b>-61 254</b>	<b>57 456</b>

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

(NOK '000)	31.03.2015	FY 2014	31.03.2014
Fair value adjustments biomass (inventory and biological assets)	98 746	200 202	88 752
Provision for onerous sales contracts (other current liabilities)	0	-5 526	-1 085
Fair value of financial fish pool contracts (other receivables/other curr	-15 937	12 821	1 120
<b>Net fair value adjustments in the balance sheet</b>	<b>82 809</b>	<b>207 497</b>	<b>88 787</b>

#### NOTE 5: Non-recurring items

(NOK '000)	Q1 2015	Q1 2014	FY 2014
Changes in Group management	0	0	4 000
Extraordinary mortality	0	0	31 911
<b>Total</b>	<b>0</b>	<b>0</b>	<b>35 911</b>

#### 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 associated companies.

Wellboat services with a total value of KNOK 260 were purchased from enterprises controlled by the company's Chair Helge Gåsø so far in 2015. These services were priced at the market rate. In addition, has smolts from Nordland Akva AS, which is controlled by one of the largest shareholders of NRS, Egil Kristoffersen og Sønner AS, been purchased for KNOK 2 010.

##### Share-based incentive schemes

A new bonus programme based on synthetic options was introduced for the Group's management in 2014. The bonus programme gives entitlement to a cash bonus based on the NRS average share price over a period prior to respectively 29 March 2014, 24 June 2014 and 1 February 2015. Bonuses are calculated 12, 24 and 36 months after these dates, 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 29 March 2014, 24 June 2014 og 1 February, and in relation to price increases during the period on the number of shares covered by the programme. After the realisation of 120 000 options in the first quarter of 2015, the scheme covers 940 000 shares allocated to the Group's management. In the first quarter of 2015 costs relating to the option scheme was recognised in the income statement in the amount of KNOK 1 752.

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





### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 7: Investments in associates

(NOK '000)	Shareholding	Book value 01.01.2015	Share of profit/loss in the period after tax	Other changes	Book value 31.03.2015	Share of volume harvested - tonnes HOG 31.03.2015*
<b>Company</b>						
Wilsgård Fiskeoppdrett AS	37,50 %	58 398	-6 939	0	51 459	600
Måsøval Fishfarm AS	36,10 %	17 269	105	0	17 374	202
Hellesund Fiskeoppdrett AS	33,50 %	43 121	-170	0	42 951	380
Hardanger Fiskeforedling AS	31,10 %	8 127	102	0	8 229	
Espevær Laks AS	37,50 %	1 107	-66	0	1 041	
Ranfjord Fiskeprodukter AS	37,75 %	18 855	-23	0	18 832	
Skardalen Settefisk AS	30,00 %	3 229	0	2 640	5 869	
Other		48	0	0	48	
<b>Total associates 31.03.2015</b>		<b>150 153</b>	<b>-6 991</b>	<b>2 640</b>	<b>145 802</b>	<b>1 182</b>
<b>Total associates 31.03.2014</b>		<b>132 595</b>	<b>2 522</b>	<b>0</b>	<b>135 117</b>	<b>746</b>

\* The harvested volume comprises NRS's share of the harvested volume of associates  
The Group's associates own a combined total of ten licences.

#### Note 8 Interest rate swap

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 31.12.2014	Market value 31.03.2015	Change in market value Q1 2015
NOK	100 000	Fixed 3,37%	3 M NIBOR	07.09.2016	-3 926	-3 327	599

#### Note 9 Treasury shares and TRS agreements

As at 31 March the company holds 3 642 treasury shares, corresponding to 0.01 % of the share capital of the company. Norway Royal Salmon ASA's total underlying exposures through TRS agreements is at 31 March 3 549 889 shares, representing 8,16 % of the share capital of the company. TRS agreements are recorded at fair value and changes in fair value are recognized as financial items in the income statement. The company realised previously entered TRS agreements in the period. Gain on realisation amounted to KNOK 94 965 and is posted as a financial item (gain/loss on financial assets) in the income statement.

(NOK '000)	No. of shares	Exercise Price	Maturity	Market value 31.12.2014	Market value 31.03.2015	Change in market value Q1 2015
TRS 1	2 396 348	30,3077	19.03.2015	83 720	0	-83 720
TRS 2	759 299	33,2873	12.03.2015	23 441	0	-23 441
TRS 3	394 242	52,3399	12.03.2015	4 965	0	-4 965
TRS 4	1 153 541	62,9144	29.05.2015	0	-888	-888
TRS 5	2 396 348	59,8090	17.09.2015	0	7 676	7 676
<b>Sum</b>				<b>112 126</b>	<b>6 788</b>	<b>-105 338</b>

#### NOTE 10: Loans to credit institutions

The Group's main borrowing covenants is one requiring an equity ratio of at least 30 per cent and another requiring that the short-term credit facility shall not exceed 75 per cent of the carrying value of inventory and accounts receivables. At the end of the first quarter 2015 the Group is in compliance with the terms of its loan agreements.



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 11: Shareholders

#### Ownership structure – the 20 largest shareholders as at 31.03.2015:

Shareholder	No. of shares	Shareholding
GÅSØ NÆRINGSUTVIKLING AS	6 475 494	14,86 %
GLASTAD INVEST AS	5 632 014	12,93 %
EGIL KRISTOFFERSEN OG SØNNER AS	4 568 379	10,48 %
HAVBRUKSINVEST AS	3 618 940	8,31 %
MÅSØVAL EIENDOM AS	3 548 761	8,14 %
SPAREBANK 1 MARKETS AS	3 065 318	7,04 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	2 667 384	6,12 %
NYHAMN AS	2 184 541	5,01 %
HELLESUND FISKEOPPDRETT A/S	1 581 941	3,63 %
LOVUNDLAKS AS	1 026 268	2,36 %
STATE STREET BANK AND TRUST CO.	664 786	1,53 %
WILSGÅRD FISKEOPPDRETT AS	481 001	1,10 %
VERDIPAPIRFONDET DNB SMB	466 435	1,07 %
MP PENSJON PK	462 539	1,06 %
STATE STREET BANK & TRUST COMPANY	280 000	0,64 %
HENDEN FISKEINDUSTRI AS	277 075	0,64 %
MÅSØVAL FISHFARM AS	246 529	0,57 %
STATE STREET BANK AND TRUST CO.	239 638	0,55 %
FREWI AS	224 277	0,51 %
HOLTA INVEST AS	200 000	0,46 %
<b>Total 20 largest shareholders</b>	<b>37 911 320</b>	<b>87,01 %</b>
Total other shareholders	5 660 871	12,99 %
<b>Total no. of shares</b>	<b>43 572 191</b>	<b>100,00 %</b>