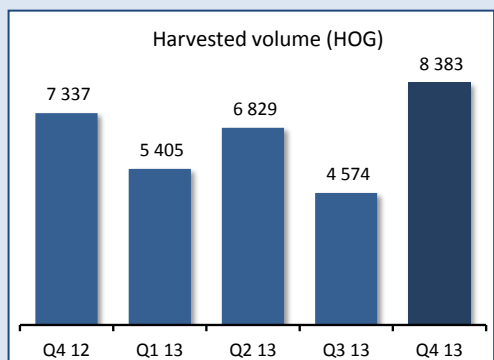
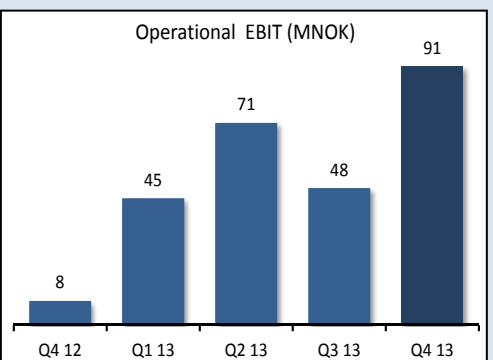
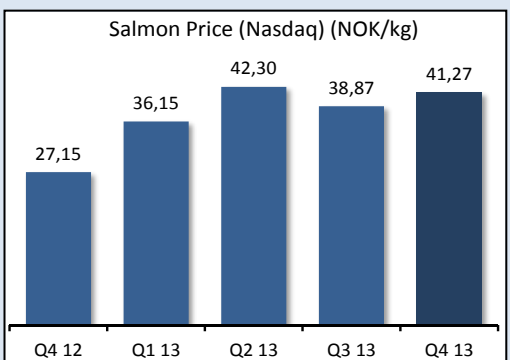


# Interim Report



# Q4-13





## HIGHLIGHTS Q4 2013

- The best quarterly and yearly result in NRS' history
  - Operational EBIT of NOK 91.4 million (NOK 8.5 million) and NOK 256 for the year.
  - Operational EBIT per kg of NOK 11.94 (NOK 1.80).
  - Harvested volume of 8,383 tonnes (+ 14 per cent).
  - Sold volume of 19,858 tonnes (+10 per cent).
- Continued strong salmon market driven by increased demand and low supply growth
  - Historically high salmon prices throughout the quarter.
  - Promising outlook with historically high forward prices.
- Reduced harvesting volume
  - Planned harvest in December was reduced due to unforeseen events in Region North and low growth in Region South.
  - Estimated harvesting volume for 2014 is reduced to 29,000 tonnes due to low growth in Region South, and premature harvesting in Troms due to sea lice.
- Favourable refinancing with increased flexibility
- Dividend proposal of NOK 2.20 per share
  - 41 per cent of earnings per share.

<b>NORWAY ROYAL SALMON - KEY FIGURES</b> (NOK '000)	<b>Q4</b> <b>2013</b>	<b>Q4</b> <b>2012</b>	<b>FY</b> <b>2013</b>	<b>FY</b> <b>2012</b>
Operating revenues	851 450	543 003	2 603 712	1 744 266
Operational EBITDA	100 323	16 568	289 729	50 866
Operational EBIT	91 366	8 484	256 002	20 416
EBIT	95 594	6 774	350 727	69 844
Income from associates	13 566	2 973	28 834	10 464
EBT	120 783	-1 945	396 292	40 748
EPS (NOK) – before fair value adjustments	2,43	-0,30	5,43	-0,12
ROACE <sup>1)</sup>			25,3 %	2,1 %
Net cash flow from operating activities	38 037	-6 558	211 835	-2 828
Investments in tangible fixed assets	18 421	8 295	65 399	34 747
Net interest-bearing debt			453 883	566 075
Equity ratio			42,4 %	36,2 %
Volume harvested (HOG)	8 383	7 337	25 191	21 162
Operational result per kg <sup>2)</sup>	11,94	1,80	11,12	2,25
Volume sold	19 858	18 115	62 141	57 673

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

2) EBIT pre fair value adjustments for segments incl margin from sales



## FINANCIAL PERFORMANCE

(Figures in brackets = 2012, unless otherwise specified)

### Revenues and results

Norway Royal Salmon posted operating revenues of NOK 851.5 million (NOK 543.0 million) in the fourth quarter of 2013, a rise of 57 per cent against the corresponding prior-year period. Operational EBIT for the quarter was NOK 91.4 million (NOK 8.5 million), an increase of NOK 82.9 million. The increase in revenues and operational EBIT was mainly attributable to increased sales prices and increased volume. The Group recognised fair value adjustments of NOK 4.2 million (NOK -1.7 million), an increase of NOK 5.9 million.

The farming business harvested a total of 8,383 tonnes (7,337 tonnes) gutted weight in the quarter, an increase of 14 per cent against the corresponding quarter last year. Planned harvest in December was reduced due to unforeseen events, such as storms and a diesel leak at a harvesting plant. As prices were at the highest in December, this reduced average price achieved in the quarter. Including allocated margins from sales, Farming achieved an operational EBIT per kg of NOK 11.94 (NOK 1.80). The Sales business sold 19,858 tonnes (18,115 tonnes), an increase of 10 per cent.

### Financial items and share of profit from associates

Income from associates totalled NOK 13.6 million (NOK 3.0 million) in the fourth quarter. NRS' share of fair value adjustments of the biomass after tax amounted to NOK 0.3 million (NOK 1.4 million). Associated farming companies harvested a total of 3,302 tonnes, 1,657 tonnes more than last year. NRS share of the above figure amounts to 1,193 tonnes, an increase of 587 tonnes.

A profit of NOK 18.8 million were posted on TRS agreements on own shares during the quarter. Net interest expenses for the period were NOK 7.1 million (NOK 9.9 million), a reduction of NOK 2.7 million.

### Balance sheet

At the end of the reporting period, total assets amounted to NOK 2,052 million, an increase of NOK 135 million from the prior quarter end. The rise in total assets is attributable to a number of factors. The Group's receivables increased by NOK 169.0 million. The Group's bank deposits increased by NOK 5.0 million, and fixed assets by NOK 16.4 million. Fair value adjustments of the biomass increased by NOK 3.1 million, while inventories and biomass at cost decreased by an aggregate NOK 58.4 million. The net decrease in inventories and biological assets was NOK 55.3 million.

The Group's net interest-bearing debt increased by NOK 10.0 million, from NOK 443.9 million at the end of the previous quarter to NOK 453.9 million as of 31 December 2013. The rise was attributable to an increase in net working capital of NOK 61.3 million, investments in fixed assets of NOK 18.4 million and paid dividend of NOK 43.5 million. An operational EBITDA of MNOK 100.3 million, realised profit on TRS-agreements of NOK 13.6 million and dividend received from an associated company of NOK 6.1 million had the opposite effect on the net interest-bearing debt.

As of 31 December 2013 the Group's equity totalled NOK 869.0 million, an increase of NOK 112.6 million from the end of the previous quarter. The increase is attributable to total comprehensive income of NOK 112.3 million. At the end of the fourth quarter the equity ratio was 42.4 per cent. At the end of 2013, the Group has NOK 223 million (NOK 385 million) tax losses carried forward.

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### Statement of cash flow

The Group's operating activities generated a positive cash flow of NOK 38.0 million during the quarter, which represents an increase of NOK 44.6 million compared with the corresponding prior-year quarter. The positive cash flow is attributable to a positive operational EBIT of NOK 91.4 million, an increase in accounts payables of NOK 60.6 million, and a reduction in inventories of NOK 50.3 million. An increase in receivables of NOK 169.0 million had an adverse effect on the cash flow.

Net cash inflows in connection with investing activities in the fourth quarter amounted to NOK 1.6 million (outflow of NOK 6.9 million), and is related to payments of NOK 18.4 million from investments in fixed assets, a cash inflow of NOK 13.6 million from the realisation of TRS agreements and dividend received from an associated company of NOK 6.1.

The net cash outflow from financing activities totalled NOK 34.6 million (cash inflow of NOK 10.6 million) in the fourth quarter. Leasing liabilities rose by NOK 6.6 million and the bank overdraft facility rose by NOK 21.1 million. Interests paid and instalments amounted to NOK 6.3 million and NOK 12.7 million respectively. In addition a dividend of MNOK 43.5 was paid.

## 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 25 licences for the production of farmed salmon, divided between 19 licences in Region North, which comprises fish farming facilities located in Senja and western Finnmark, and 6 licences in Region South, which comprises fish farming facilities located in the area around Haugesund.

The business posted sales revenues of NOK 846.7 million in the fourth quarter of 2013 (NOK 543.0 million), an increase of 56 per cent. The spot price (NASDAQ) for superior quality during the quarter was NOK 41.27 per kg gutted weight, an increase of 6 per cent from the third quarter of 2013 and an increase of 52 per cent compared with the fourth quarter of 2012. The sales operations experienced an increase in sales volumes of 10 per cent compared with the corresponding prior-year period. A total of 19,858 tonnes (18,115 tonnes) were sold in the fourth quarter. The Sales business achieved EBIT before open fixed-price contracts of NOK 5.1 million, which equates to NOK 0.26 (NOK 0.14) per kg sold volume in the period. NRS has chosen to increase the provision for doubtful receivables in the quarter, which reduced EBIT by NOK 5.8 million. The loss on open fixed-price contracts was NOK 5.8 million in the quarter, which corresponds to NOK -0.29 per kg sold volume. Consequently, the Sales business achieved an operational EBIT of NOK -0.7 million (NOK 2.6 million). A new system for the reporting open fixed-price contracts has been adopted since the first quarter of 2013. Prior to this, open fixed-price contracts were recognised in the Farming business. The figures from 2012 have not been restated.

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# INTERIM REPORT

## Q4 2013

The Farming operations harvested 8,383 tonnes (7,337 tonnes) in the fourth quarter, an increase of 10 per cent. The estimated harvest volume for 2014 is 29,000 tonnes.

SEGMENT SUMMARY (NOK '000)	Q4 2013		YTD 2013	
	Operational EBIT	Operational EBIT per kg	Operational EBIT	Operational EBIT per kg
Farming	100 768	12,02	295 102	11,71
Sales	5 138	0,61	19 832	0,79
Open fixed price contracts	-5 795	-0,69	-34 809	-1,38
<b>Sum segments</b>	<b>100 111</b>	<b>11,94</b>	<b>280 125</b>	<b>11,12</b>
Volume harvested (tonnes)	8 383		25 191	

### Region North

Operational EBIT came in at NOK 78.8 million (NOK 9.0 million), an increase of NOK 69.8 million compared with the same quarter last year. Operational EBIT per kg from the Farming operations amounted to NOK 12.78 (NOK 1.70).

6,204 tonnes (4,397 tonnes) were harvested in the region in the fourth quarter, an increase of 41.1 per cent. Planned harvest in December was prevented by unforeseen events, such as storms and a diesel leak at a harvesting plant. As prices were at the highest in December, this reduced average price achieved in the quarter. The average achieved price for the Farming operations was NOK 12.86 per kg higher than in the corresponding period last year. EBIT before open fixed-price contracts from sales improved operational EBIT by NOK 0.61 per kg. Fixed-price contracts represent 7 per cent of the sold volume in the quarter. The realised price on the fixed-price contracts was lower than the market price and reduced operational EBIT per kg by NOK 0.69 in the quarter. This results in a net contribution from Sales of NOK -0.08 per kg.

Production cost for harvested fish was NOK 0.33 higher than in the third quarter of 2013. The growth in the quarter has been as expected. As a result of more lice treatments than normal, especially in Troms, has led to higher than normal costs. In Troms the harvest of fish of the 2012 generation has been accelerated, due to challenges with sea lice. This year's release of fish to the sea has gone very well and the biological situation is better than normal.

The estimated harvest volume for 2014 is 22,800 tonnes.

KEY FIGURES (NOK '000)	Q4 2013	Q4 2012	FY 2013	FY 2012
Operating revenues	626 738	325 354	2 097 896	1 150 766
Operational EBITDA	85 072	14 501	263 725	55 444
Operational EBIT	78 796	9 039	240 330	35 195
Investment in tangible and intangible assets	14 952	6 913	48 929	30 378
Volume harvested (tonnes)	6 204	4 397	20 491	13 944
Operational EBIT per kg farming	12,78	1,70	12,33	1,54
Operational EBIT per kg Sales incl. contracts	-0,08	0,35	-0,60	0,98
<b>Total operational EBIT per kg</b>	<b>12,70</b>	<b>2,06</b>	<b>11,73</b>	<b>2,52</b>



# INTERIM REPORT

## Q4 2013

### Region South

Operational EBIT came in at NOK 21.3 million (NOK 4.1 million), an increase of NOK 17.1 million, while operational EBIT per kg from the Farming operations amounted to NOK 9.86 (NOK 1.07).

2,179 tonnes (2,940 tonnes) were harvested in the region in the fourth quarter, an increase of 25.9 per cent. The Farming operations achieved a price NOK 13.06 per kg higher than in the corresponding prior-year period. EBIT before open fixed-price contracts from sales improved operational EBIT by NOK 0.61 per kg. Fixed-price contracts represent 7 per cent of sold volume in the quarter. The realised price on fixed-price contracts was lower than the market price and reduced operational EBIT per kg by NOK 0.69 in the quarter. This resulted in a net contribution from sales of NOK -0.08 per kg.

The production cost for harvested fish was significantly higher than in the third quarter, and not on a level that was expected. The fish has had PD with increased mortality and in addition has the feed conversion ratios been on a historically high level. Challenges with ADG and lice have contributed to growth and survival rate being significantly lower than expected. Unfortunately NRS experienced an escape of fish from one of the sites. The escape was discovered after a storm in December. Counting of the fish revealed that about 68,000 salmon had escaped. The site and equipment was certified. We apologize for the incident and have had a thorough review of the incident to prevent escapes to happen again. Segment Region South has not been charged with the costs of the escape, but NOK 2.2 million are recognised on group level.

The estimated harvest volume for 2014 is 6,200 tonnes.

KEY FIGURES (NOK '000)	Q4 2013	Q4 2012	FY 2013	FY 2012
Operating revenues	219 928	217 455	435 507	592 501
Operational EBITDA	23 956	6 806	50 018	22 553
Operational EBIT	21 316	4 184	39 795	12 353
Investment in tangible and intangible assets	3 415	1 815	16 431	4 367
Volume harvested (tonnes)	2 179	2 940	4 700	7 218
Operational EBIT per kg farming	9,86	1,07	9,04	0,64
Operational EBIT per kg Sales incl. contracts	-0,08	0,35	-0,57	1,07
<b>Total operational EBIT per kg</b>	<b>9,78</b>	<b>1,42</b>	<b>8,47</b>	<b>1,71</b>

## SHARES

As of 31 December 2013 Norway Royal Salmon ASA had 43,572,191 shares, allocated among 703 shareholders, an increase of 132 from the end of the previous quarter. At the end of the quarter the group had 30,085 treasury shares. The share price increased from NOK 31.50 at the end of September 2013 to NOK 37.00 at the end of December 2013. 3,010,161 shares were traded during the quarter.

## EVENTS IN AND AFTER OF THE QUARTER

### Agreement on refinancing of the group

Norway Royal Salmon ASA has entered into an agreement with Danske Bank to refinance its credit facilities totaling NOK 700 million over five years. NOK 300 million is an installment-free long-term loan and NOK 400 million is a short-term overdraft and guarantee facility. The main terms of the agreement reflects the Group's excellent creditworthiness and the bank's belief in NRS. The agreement has one financial covenant 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 inventory and accounts receivables. The new bank agreement gives the group a very good financial flexibility.

### Purchase, contractual rights and TRS agreements for treasury shares

During the fourth quarter Norway Royal Salmon has extended and entered into new TRS (Total Return Swap) agreements. After these transactions Norway Royal Salmon owns or has a contractual right to 4,299,962 shares, which equates 9.87 per cent of the company's share capital.

### Sickness absence

At 3.1 per cent the Group's sickness absence rate was reduced from the previous quarter. The reduction is due to a fall in long-term absenteeism. The long-term absenteeism represents half of the absence. No personal injuries were reported during the period.

### Approved sites in a new area in Finnmark

The farming operations in Finnmark have received approval for two new sites in Hasvik municipality in Western Finnmark with a MAB totaling 7,200 tons. The sites are located in a new area for group's operations in Finnmark and improve the opportunities for generation separation and further growth in Finnmark. These sites are located in an area where no other operator is established. Overall MAB for all sites in Finnmark is approx. 37,000 tonnes, while the MAB for licenses in Finnmark is 13,230 tonnes.

## MARKET CONDITIONS

The total value of salmon exported from Norway in the fourth quarter was NOK 12.5 billion, an increase of NOK 4.1 billion compared with the fourth quarter of 2012. The increase is due to a significantly higher price than in the same period last year. The average price (Nasdaq) for superior quality salmon was NOK 41.27 (delivered Oslo) per kg. In the same period last year the price was NOK 27.16 per kg (NOS plus NOK 0.75 per kg). Export volumes from Norway in the fourth quarter were 2 per cent higher than last year, such a price increase gives a positive picture of the demand for salmon. At the same time export volumes from Chile rose significantly and contributed to the global supply increasing 3.7 per cent in the fourth quarter. The substantial price increase in 2013 has resulted in significant differences in demand in countries and regions in which NRS trades.

With a moderate rise in consumption and a price increase, the demand for salmon in the EU has been good in the fourth quarter. The EU has increased import of Norwegian salmon by 1 per cent in the fourth quarter. The volume increase is marginally lower than the total supply growth from Norway. Demand for salmon varies significantly within the EU. While Poland, the UK and Germany experienced significant growth, the French market declined by 8 per cent. A reduction of 9 per cent in the PIIGS countries was mainly driven by Greece, which reduced its imports by 78 per cent in the fourth quarter of 2013 compared with the same period last year. With a decline for France and an increase for Poland, Poland is now the

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largest importer of Norwegian salmon with a market share of 13.6 per cent. France and Russia follows with market shares of respectively 13.2 per cent and 11.5 per cent.

Imports of Norwegian salmon to Eastern Europe fell during the fourth quarter. Russia, the largest Eastern European importer, reduced its imports of Norwegian salmon by 11 per cent compared with last year. Ukraine's imports decreased by 31 per cent, while Belarus and Kazakhstan imported higher volumes. The reduction in imports to Russia and Ukraine is primarily attributable to the increase in price of salmon, while other Eastern European countries are starting to acquire a taste for Norwegian salmon. Despite falling demand, with a market share of 11.5 per cent in the quarter, Russia is still one of the largest consumers of Norwegian salmon. It is important that trade is unhindered by significant trade barriers. The Norwegian salmon industry is working hard to satisfy all demands from Russia so the underlying positive trend towards Russia can continue.

Despite of higher prices demand from Asia improved during the fourth quarter. In the fourth quarter Japan increased imports of Norwegian salmon marginally because of a substantial increase of fresh fillet. The Chinese region increased its market shares by 14.3 per cent in the fourth quarter. Trade issues with China continued throughout the fourth quarter.

Demand for salmon in the United States was also good in the fourth quarter and imports from Europe to the United States increased for the first time in several quarters. From Norway, volumes increased by 6,200 tonnes to almost 11,000 tonnes in the fourth quarter. The increase was both on fresh fillets and fresh whole fish.

The fourth quarter gave a contribution from the NRS' Sales operation which was below expectations. The underlying margin was good and volumes were up 10 per cent on the corresponding prior-year period, but at the same time provisions for bad debts increased. Not all customers are able to handle the price level and changes. NRS has therefore set aside all our deductible against the credit insured customers that are perceived as unsafe. The volumes of NRS were up 10 per cent on the corresponding prior-year period, which is significantly higher than the exports growth of 2 per cent from Norway. This indicates that NRS is gaining market shares. Previously signed fixed-price contracts resulted in a loss of NOK 5.8 million in the quarter, as salmon prices rose significantly more than NRS expected. NRS' share of fixed-price contracts was low in the fourth quarter, and 9 per cent own-produced fish was available for the spot market. NRS experienced growth in the fourth quarter in Western and Eastern Europe, while demand in Asia fell slightly.

## OUTLOOK

Volume for 2013 was 25,200 tonnes, 1,800 tonnes lower than estimated in the last quarterly report. The reason is that planned harvest in December was prevented by unforeseen events, such as storms and a diesel leak at a harvesting plant. In addition has the growth in Region South been significantly lower than expected due to biological challenges.

Estimated harvesting volume for 2014 is 29,000 tonnes, an increase of 15 per cent on 2013. Accelerated harvesting in Troms due to challenges with sea lice, and low growth and escapes in the Region South has reduced the estimated harvesting volume.

NRS invest in new technologies with a view to prevent challenges with sea lice. These measures will be both biologically and economically sustainable, and the concept will also be part of our future green production system.

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# INTERIM REPORT

## Q4 2013

Norway Royal Salmon has nearly full utilization of the MAB for the group. Thus, no significant increase in working capital tied up in biomass is expected going forward.

Farming has hedged prices for 23 per cent of the volume for the first quarter of 2014 and 21 per cent for 2014.

Future market outlook are deemed to be positive due to salmon prices being substantially higher than at the same time last year. At the same time the global supply increased by 3.7 per cent in the fourth quarter. Harvest volumes from Norway are expected to increase in the summer and autumn months of 2014. Growth in Chile is expected to be moderate, so a global supply growth of 3-6 per cent is expected in 2014. Based on this, NRS expect a positive effect on the price for Atlantic salmon in 2014, but with a greater difference between the first and second half year than has been historical differences. The positive market outlook is based on the key assumption that exports will develop normally without major new trade barriers.

Trondheim, 24 February 2014

Helge Gåsø  
Chair

Kristine Landmark  
Vice Chair

Marianne Johnsen

Inge Kristoffersen

Endre Glastad

Åse Valen Olsen

John Binde  
CEO

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# INTERIM REPORT

## Q4 2013

### INTERIM REPORT INCOME STATEMENT

(NOK '000)	Q4 2013	Q4 2012	FY 2013	FY 2012
<b>Operating revenues</b>	<b>851 450</b>	<b>543 003</b>	<b>2 603 712</b>	<b>1 744 266</b>
Cost of goods sold	696 777	484 823	2 137 934	1 550 209
Salaries	24 209	19 840	85 627	71 764
Depreciation	8 957	8 084	33 728	30 449
Other operating costs	30 140	21 773	90 422	71 428
<b>Operational EBIT</b>	<b>91 366</b>	<b>8 484</b>	<b>256 002</b>	<b>20 416</b>
Fair value adjustments	4 228	-1 710	94 725	49 428
<b>EBIT</b>	<b>95 594</b>	<b>6 774</b>	<b>350 727</b>	<b>69 844</b>
Gain on financial assets	18 795	0	49 449	0
Income from associates	13 566	2 973	28 834	10 464
Other net financial items	-7 173	-11 692	-32 718	-39 560
<b>EBT</b>	<b>120 782</b>	<b>-1 945</b>	<b>396 292</b>	<b>40 748</b>
Tax	-8 155	931	-80 487	-9 130
<b>Net profit/loss</b>	<b>112 628</b>	<b>-1 014</b>	<b>315 805</b>	<b>31 618</b>
<b>Profit attributable to:</b>				
Parent company shareholders	109 823	-1 355	302 434	28 191
Minority interests	2 805	341	13 371	3 428
Earnings per share (NOK)	2,53	-0,03	6,96	0,66
Earnings per share - diluted	2,53	-0,03	6,96	0,66

### EXTENDED INCOME STATEMENT

(NOK '000)	Q4 2013	Q4 2012	FY 2013	FY 2012
<b>Net profit/loss</b>	<b>112 628</b>	<b>-1 014</b>	<b>315 805</b>	<b>31 618</b>
Items to be reclassified to profit or loss:				
Financial assets available for sale (net)	0	1 985	-1 985	1 985
Cash Flow hedges (net)	491	588	-5 340	588
Items not to be reclassified to profit or loss:				
Actuarial gains/losses) on defined benefit plans	-798	4 271	-798	4 271
<b>Total comprehensive income</b>	<b>112 321</b>	<b>5 830</b>	<b>307 683</b>	<b>38 463</b>
<b>Total comprehensive income attributable to:</b>				
Parent company shareholders	109 516	5 489	294 311	35 035
Minority interests	2 805	341	13 371	3 428



# INTERIM REPORT

## Q4 2013

### BALANCE SHEET

(NOK '000)	31.12.2013	30.09.2013	31.12.2012
Intangible assets	502 887	502 887	502 887
Property, plant and equipment	210 554	201 106	178 899
Non-current financial assets	137 280	130 318	118 867
<b>Non-current assets</b>	<b>850 721</b>	<b>834 311</b>	<b>800 653</b>
Inventory and biological assets	666 276	721 618	546 556
Receivables	480 883	311 908	318 463
Bank deposits, cash	53 732	48 712	9 854
<b>Current assets</b>	<b>1 200 891</b>	<b>1 082 237</b>	<b>874 873</b>
<b>TOTAL ASSETS</b>	<b>2 051 612</b>	<b>1 916 548</b>	<b>1 675 526</b>
Share capital	43 542	43 542	43 573
Other equity	771 090	661 335	522 628
Non-controlling interests	54 355	51 549	40 984
<b>Equity</b>	<b>868 989</b>	<b>756 428</b>	<b>607 184</b>
Pensions	10 320	9 854	9 854
Deferred tax	231 640	231 801	161 753
<b>Provisions</b>	<b>241 960</b>	<b>241 655</b>	<b>171 607</b>
<b>Long-term interest-bearing debt</b>	<b>323 084</b>	<b>328 786</b>	<b>328 292</b>
Short-term interest-bearing debt	184 530	163 802	247 637
Trade payables	382 944	322 333	292 655
Tax payable	8 313	780	780
Dividend	0	43 542	0
Other current liabilities	41 792	59 222	27 371
<b>Current liabilities</b>	<b>617 580</b>	<b>589 679</b>	<b>568 444</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 051 612</b>	<b>1 916 548</b>	<b>1 675 526</b>

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# INTERIM REPORT

## Q4 2013

### STATEMENT OF EQUITY

31.12.2013	Equity allocated to parent company shareholders					Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium fund	Retained earnings	Total		
(NOK '000)							
<b>Equity at 01.01.2013</b>	43 573	0	82 029	440 595	566 199	40 984	607 184
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>294 311</b>	<b>294 311</b>	<b>13 371</b>	<b>307 683</b>
<b>Transactions with shareholders</b>							
Dividend	0	0	0	-43 542	-43 542	0	-43 542
Share based payment	0	0	0	-282	-282	0	-282
Purchase/sale of treasury shares	0	-30	0	-2 024	-2 054	0	-2 054
<b>Total transactions with shareholders</b>	<b>0</b>	<b>-30</b>	<b>0</b>	<b>-45 848</b>	<b>-45 877</b>	<b>0</b>	<b>-45 877</b>
<b>Egenkapital 31.12.2013</b>	<b>43 573</b>	<b>-30</b>	<b>82 029</b>	<b>689 061</b>	<b>814 634</b>	<b>54 356</b>	<b>868 989</b>

31.12.2012	Equity allocated to parent company shareholders					Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium fund	Retained earnings	Total		
(NOK '000)							
<b>Equity at 01.01.2012</b>	39 611	-1 467	54 936	397 495	490 576	37 229	527 805
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35 034</b>	<b>35 034</b>	<b>3 427</b>	<b>38 462</b>
<b>Transactions with shareholders</b>							
Share issue	3 961	0	27 728	0	31 689	0	31 689
Net share issue transaction costs	0	0	-635	-223	-858	0	-858
Share based payment	0	0	0	484	484	0	484
Change in non-controlling interests	0	0	0	-327	-327	327	0
Purchase/sale of treasury shares	0	1 467	0	10 273	11 740	0	11 740
Other changes in associates	0	0	0	-2 141	-2 141	0	-2 141
<b>Total transactions with shareholders</b>	<b>3 961</b>	<b>1 467</b>	<b>27 093</b>	<b>8 066</b>	<b>40 588</b>	<b>327</b>	<b>40 915</b>
<b>Equity at 31.12.2012</b>	<b>43 573</b>	<b>0</b>	<b>82 029</b>	<b>440 595</b>	<b>566 199</b>	<b>40 984</b>	<b>607 184</b>

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# INTERIM REPORT

## Q4 2013

### STATEMENT OF CASH FLOW

(NOK '000)	Q4 2013	Q4 2012	FY 2013	FY 2012
<b>Operational EBIT</b>	<b>91 366</b>	8 484	<b>256 002</b>	20 417
Adjusted for:				
Tax paid	-780	0	-780	0
Depreciation	8 957	8 084	33 728	30 449
Gains (-)/ losses (+) on disposal of non-current assets	-32	-20	-32	-341
Share based payment	63	104	-282	484
Pension costs with no cash effect	466	559	466	559
Change in inventory / biomass	58 439	-6 781	-32 736	-85 255
Change in debtors and creditors	-102 184	-47 990	-34 941	12 665
Change in other current assets and other liabilities	-18 258	31 002	-9 589	18 193
<b>Net cash flow from operating activities</b>	<b>38 037</b>	-6 558	<b>211 835</b>	-2 828
<b>Cash flow from investing activities</b>				
Proceeds from sale of property, plant and equipment	48	2 408	48	3 050
Payments for purchase of property, plant and equipment	-18 421	-8 295	-65 399	-34 747
Proceeds from investments in non-current financial assets	19 535	0	39 958	50
Payments for investments in non-current financial assets	0	-1 013	-500	-4 416
Change in loans to associates and others	445	-7	1 545	-907
<b>Net cash flow from investing activities</b>	<b>1 607</b>	-6 907	<b>-24 348</b>	-36 970
<b>Cash flow from financing activities</b>				
Receipts from new long-term debt	6 635	3 947	37 302	48 231
Long-term debt repayments	-12 711	-9 238	-40 224	-29 331
Net change in overdraft	21 102	25 170	-65 393	19 090
Net payments from share issue	0	0	0	30 499
Purchase and sale of treasury shares	177	0	-2 054	11 740
Interest paid	-6 285	-9 281	-29 699	-36 781
<b>Net cash flow from financing activities</b>	<b>-34 624</b>	10 598	<b>-143 610</b>	43 448
Net increase (+)/ decrease (-) in cash & cash equivalents	<b>5 020</b>	-2 866	<b>43 878</b>	3 649
Cash and cash equivalents - opening balance	<b>48 712</b>	12 721	<b>9 854</b>	6 205
<b>Cash and cash equivalents - closing balance</b>	<b>53 732</b>	9 854	<b>53 732</b>	9 854

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## 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 2012 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 2012 are available upon request from the company's head office at Olav Trygvassons 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 2012, with the exception of standards and interpretations referred to in note 2 of the annual financial report for 2012. New standards effective from 2013 which affect the consolidated accounts for 2013 are described below:

### IAS 1 Presentation of financial statements

The presentation of financial statements has been amended and requires items in Other Comprehensive Income (OCI) to be divided into two groups; those that may be reclassified to the ordinary comprehensive income in future periods and items that will not be reclassified. The amendment affected the presentation of the total comprehensive income only.

### IFRS 13 – Fair value measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. The application of IFRS 13 has not impacted the fair value measurements carried out by the Group. Extended disclosures are included for biological assets (note 3).

### IAS 19 Employee benefits

With effect from 1. January 2013 the Company has applied IAS 19 Employee Benefits and changed the basis for calculating pension liabilities and pension costs. The company has previously used the corridor method of accounting for unrecognized actuarial gains or losses. The corridor method is no longer permitted, all estimates should under IAS 19 be recognized in the statement of Other Comprehensive Income (OCI).

Earlier return on plan assets was calculated using a long-term expected return on plan assets. As a result of the application of IAS 19R, the period's net interest expense is now calculated by applying the discount rate for the liability at the beginning of the period to the net liabilities. Net interest expense therefore consists of interest on the obligation and return on assets, both calculated at the same discount rate. The change in the net pension obligation as a result of premium payments and pension payments are taken into account. The difference between the actual return on plan assets and the return recognised in the profit and loss accounts are expensed as incurred against OCI.

As a result of the change in the treatment of unamortized actuarial gains and losses and calculation of net interest expense, the pension cost increased by NOK 0.1 million for the full year 2012, which is considered immaterial and not restated. Actuarial gains after tax of NOK 4.4 million was recognized in other comprehensive income in 2012. Pension liabilities 31 December 2012 increased to 9.7 million. IAS 19 is applied retrospectively and comparative figures have changed.

The effect of using IAS 19 1 January 2012 and 31 December 2012 against the pension liability, OCI and deferred tax are as follows

(NOK '000)	As at 31 December 2012	As at 1 January 2012	Movement in the period
Impact on net defined benefit plan	814	6 746	-5 932
Impact on deferred taxes	-228	-1 889	1 661
<b>Net impact on equity</b>	<b>586</b>	<b>4 857</b>	<b>-4 271</b>

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# INTERIM REPORT

## Q4 2013

### NOTES TO THE FINANCIAL STATEMENTS

#### 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.

The Group's business areas are divided into the Sales and Fish farming. The Sales segment includes the purchase and sale of salmon. The fish 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 Senja 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	
	Q4 2013	Q4 2012	Q4 2013	Q4 2012	Q4 2013	Q4 2012	Q4 2013	Q4 2012	Q4 2013	Q4 2012
Total sales revenues	845 972	542 541	235 357	110 254	86 896	78 858	4 784	195	1 173 008	731 848
Internal sales revenues	0	0	234 697	110 022	86 862	78 822	0	0	321 559	188 845
<b>External sales revenues</b>	<b>845 972</b>	<b>542 541</b>	<b>660</b>	<b>232</b>	<b>34</b>	<b>36</b>	<b>4 784</b>	<b>195</b>	<b>851 450</b>	<b>543 003</b>
<b>Operational EBIT</b>	<b>-657</b>	<b>2 587</b>	<b>79 282</b>	<b>7 488</b>	<b>21 487</b>	<b>3 148</b>	<b>-8 745</b>	<b>-4 738</b>	<b>91 366</b>	<b>8 484</b>
Fair value adjustments	1 130	-3 433	5 773	3 600	-2 675	-1 585	0	-292	4 228	-1 710
<b>EBIT</b>	<b>473</b>	<b>-846</b>	<b>85 055</b>	<b>11 088</b>	<b>18 812</b>	<b>1 563</b>	<b>-8 745</b>	<b>-5 030</b>	<b>95 594</b>	<b>6 774</b>
<b>EBT</b>	<b>-667</b>	<b>-1 002</b>	<b>82 607</b>	<b>7 135</b>	<b>16 981</b>	<b>7 335</b>	<b>21 862</b>	<b>-15 413</b>	<b>120 783</b>	<b>-1 945</b>
Volume harvested (HOG)			6 204	4 397	2 179	2 940			8 383	7 337
Operational EBIT per kg			12,78	1,70	9,86	1,07			12,02	1,45
Volum sold	19 858	18 115							19 858	18 115
Operational EBIT per kg	-0,03	0,14							-0,03	0,14
- of which loss on open fixed-price contracts per kg.	-0,29								-0,29	

(NOK '000)	Sales		Region North		Region South		Eliminations/other		Total	
	YTD 2013	YTD 2012	YTD 2013	YTD 2012	YTD 2013	YTD 2012	YTD 2013	YTD 2012	YTD 2013	YTD 2012
Total sales revenues	2 579 059	1 736 927	759 645	347 954	179 841	189 293	8 216	999	3 526 761	2 275 173
Internal sales revenues	0	0	743 260	341 649	179 788	189 258	0	0	923 049	530 907
<b>External sales revenues</b>	<b>2 579 059</b>	<b>1 736 927</b>	<b>16 384</b>	<b>6 305</b>	<b>53</b>	<b>35</b>	<b>8 216</b>	<b>999</b>	<b>2 603 712</b>	<b>1 744 266</b>
<b>Operational EBIT</b>	<b>-14 977</b>	<b>21 429</b>	<b>252 634</b>	<b>21 465</b>	<b>42 467</b>	<b>4 653</b>	<b>-24 123</b>	<b>-27 131</b>	<b>256 002</b>	<b>20 416</b>
Non-recurring items	0	0	0	0	0	0	0	0	0	0
Fair value adjustments	7 740	-5 143	68 914	47 544	18 071	7 027	0	0	94 725	49 428
<b>EBIT</b>	<b>-7 237</b>	<b>16 287</b>	<b>321 548</b>	<b>69 008</b>	<b>60 538</b>	<b>11 680</b>	<b>-24 123</b>	<b>-27 131</b>	<b>350 727</b>	<b>69 844</b>
<b>EBT</b>	<b>-10 329</b>	<b>13 055</b>	<b>306 242</b>	<b>51 188</b>	<b>52 529</b>	<b>1 062</b>	<b>47 850</b>	<b>-24 557</b>	<b>396 292</b>	<b>40 748</b>
Volume harvested (HOG)			20 491	13 944	4 700	7 218			25 191	21 162
Operational EBIT per kg			12,33	1,54	9,04	0,64			11,71	1,23
Volum sold	62 141	57 673							62 141	57 673
Operational EBIT per kg	-0,24	0,37							-0,24	0,37
- of which loss on open fixed-price contracts per kg.	-0,56								-0,56	

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# INTERIM REPORT

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### 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)	31.12.2013	30.09.2013	31.12.2012
Raw materials	16 864	20 689	15 056
Biological assets (biomass)	639 238	686 399	525 739
Finished goods	10 174	14 530	5 760
<b>Total inventory</b>	<b>666 276</b>	<b>721 618</b>	<b>546 556</b>

#### Specification of the biomass:

(NOK '000)	31.12.2013	30.09.2013	31.12.2012
Biomass at cost	492 524	542 783	466 010
Fair value adjustments of the biomass	146 714	143 616	59 729
<b>Book value of the biomass</b>	<b>639 238</b>	<b>686 399</b>	<b>525 739</b>

#### Specification of biological assets - tonnes

	Q4 2013	Q4 2012	FY 2012	FY 2012
Opening balance biological assets	22 062	19 487	20 698	16 128
Increase due fish put in the sea	72	481	1 089	1 162
Increase due to production in the period	8 530	9 572	29 126	29 335
Reduction due to harvesting in the period	-10 099	-8 841	-30 348	-25 503
Non-recurring item and sold biomass	-405	0	-405	-424
<b>Closing balance biological assets</b>	<b>20 160</b>	<b>20 698</b>	<b>20 160</b>	<b>20 698</b>

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

	31.12.2013	30.09.2013	31.12.2012
Smaller than 1 kg	2 691	2 192	1 690
1-4 kg	10 957	13 016	6 940
Larger than 4 kg	6 512	6 853	12 068
<b>Biological assets as at 31 December</b>	<b>20 160</b>	<b>22 062</b>	<b>20 698</b>

#### 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)	Q4 2013	Q4 2012	FY 2013	FY 2012
Change in fair value adjustments of the biomass	3 098	-1 269	86 985	54 570
Change in provision for onerous sales contracts	2 494	998	0	0
Change in provision for onerous purchase contracts	0	-691	1 095	-1 095
Change in unrealised gains/losses on financial fish pool contracts	-1 364	-748	6 645	-4 048
<b>Total fair value adjustments</b>	<b>4 228</b>	<b>-1 710</b>	<b>94 725</b>	<b>49 428</b>

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

(NOK '000)	31.12.2013	30.09.2013	31.12.2012
Fair value adjustments biomass (inventory and biological assets)	146 714	143 616	59 729
Provision for onerous sales contracts (other current liabilities)	0	-2 494	0
Provision for onerous purchase contracts (other current liabilities)	0	0	-1 095
Fair value of financial fish pool contracts (other receivables/other current liabilities)	3 327	4 691	-3 318
<b>Net fair value adjustments in the balance sheet</b>	<b>150 041</b>	<b>145 813</b>	<b>55 316</b>

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### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 5: Non-recurring items

(NOK '000)	Q4 2013	Q4 2012	FY 2013	FY 2012
Extraordinary mortality	0	9 919	0	9 919
Costs related to escape	2 219	0	2 219	0
<b>Total</b>	<b>2 219</b>	<b>9 919</b>	<b>2 219</b>	<b>9 919</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 TNOK 5,057 were purchased from enterprises controlled by the company's Chair Helge Gåsø so far in 2013. These services were priced at the market rate. Services for TNOK 616 were purchased in Q4 2013.

#### 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.

330,000 of the options expired the first quarter of 2013. After this the scheme covers a total of 330,000 shares allocated to the Group's management. To date in 2013 costs relating to the option scheme have been recognised in the income statement in the amount of NOK 3,166,000. NOK 1,111,000 have been recognised in Q4 2013.

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 01.01.2013	Share of profit/loss in the period after tax	Other changes	Book value 31.12.2013	Share of volume harvested - tonnes HOG 31.12.2013*
<b>Company</b>						
Wilsgård Fiskeoppdrett AS	37,50 %	39 906	12 145	-750	<b>51 301</b>	1 529
Måsøval Fishfarm AS	36,10 %	14 976	7 765	-6 137	<b>16 604</b>	689
Hellesund Fiskeoppdrett AS	33,50 %	26 246	9 199	-50	<b>35 395</b>	311
Hardanger Fiskeforedling AS	31,10 %	5 342	1 348	0	<b>6 690</b>	
Espevær Laks AS	37,50 %	1 968	-834	0	<b>1 134</b>	
Ranfjord Fiskeprodukter AS	37,75 %	19 442	-947	-163	<b>18 332</b>	
Skardalen Settefisk AS	30,00 %	2 934	158	0	<b>3 092</b>	
Other		48	0	0	<b>48</b>	
<b>Total associates 31.12.2013</b>		<b>110 862</b>	<b>28 834</b>	<b>-7 100</b>	<b>132 596</b>	<b>2 529</b>
<b>Total associates 31.12.2012</b>		<b>96 088</b>	<b>10 464</b>	<b>2 009</b>	<b>108 561</b>	<b>2 614</b>

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

The Group's associates own a combined total of nine licences.



# INTERIM REPORT

## Q4 2013

### 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 31.12.2013	Market value 30.09.2013	Change in market value Q4 2013
NOK	100 000	Fixed 3,37%	3 M NIBOR	07.09.2016	-3 774	-3 427	347

### Note 9 Treasury shares and TRS agreements

As at 31 Desember the company holds 30,085 treasury shares, corresponding to 0.07 % of the share capital of the company. Norway Royal Salmon ASA's total underlying exposures through TRS agreements is at 31 December 4,269,877 shares, representing 9,80 % 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 into TRS agreements in the period, the gain at realisation amounted to NOK 13,558,000 and is recognised as a financial item (gain on financial assets) in the income statement.

(NOK '000)	No. of shares	Exercise Price	Maturity	Market value 30.06.2013	Market value 30.09.2013	Change in market value Q3 2013
TRS 1	1 334 864	27,2456	13.03.2014	6 024	13 182	7 158
TRS 2	1 885 013	28,7508	11.12.2013	5 598	0	-5 598
TRS 3	2 335 013	36,1363	20.03.2014	0	2 688	2 688
TRS 4	400 000	35,5026	13.03.2014	0	647	647
TRS 5	200 000	35,4138	13.03.2014	0	341	341
<b>Sum</b>				<b>11 622</b>	<b>16 859</b>	<b>5 237</b>

### NOTE 10: 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). The covenant related to earnings is that net interest bearing debt shall not exceed 5.5 times a 4-quarter rolling EBITDA. The Group shall furthermore have an equity share of at least 35 %. At the end of the fourth quarter 2013 the Group is in compliance with the terms of its loan agreements. In January 2014 the group entered into a new agreement to refinance its credit facilities. The agreement has one financial covenant 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.

### NOTE 11: Shareholders

#### Ownership structure – the 20 largest shareholders as at 31.12.2013:

Shareholder	No. of shares	Shareholding
GÅSØ NÆRINGSUTVIKLING AS	6 309 752	14,48 %
GLASTAD INVEST AS	5 487 861	12,59 %
EGIL KRISTOFFERSEN OG SØNNER AS	4 451 450	10,22 %
HAVBRUKSINVEST AS	3 526 312	8,09 %
DNB NOR MARKETS	3 329 864	7,64 %
MÅSØVAL EIENDOM AS	2 883 022	6,62 %
SPAREBANK 1 MARKETS AS	2 335 013	5,36 %
NYHAMN AS	2 013 371	4,62 %
KVERVA AS	1 549 810	3,56 %
HELLESUND FISKEOPPDRETT A/S	1 541 450	3,54 %
VERDIPAPIRFONDET DNB SMB	1 080 000	2,48 %
LOVUNDLAKS AS	1 000 000	2,30 %
WILSGÅRD FISKEOPPDRETT AS	468 689	1,08 %
MP PENSJON PK	450 700	1,03 %
MERTOUN CAPITAL AS	340 000	0,78 %
HENDEN FISKEINDUSTRI AS	339 502	0,78 %
BARBINVEST AS	252 850	0,58 %
MÅSØVAL FISHFARM AS	240 219	0,55 %
STATE STREET BANK AND TRUST CO.	218 163	0,50 %
FREWI AS	203 433	0,47 %
<b>Total 20 largest shareholders</b>	<b>38 021 461</b>	<b>87,26 %</b>
Total other shareholders	5 550 730	12,74 %
<b>Total no. of shares</b>	<b>43 572 191</b>	<b>100,00 %</b>

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