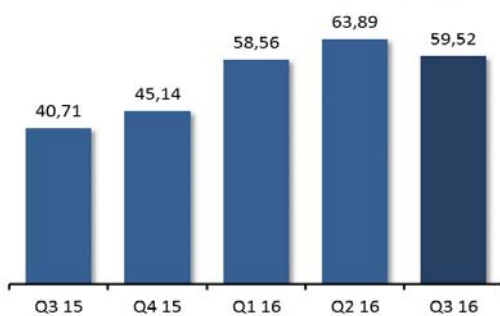


Interim Report

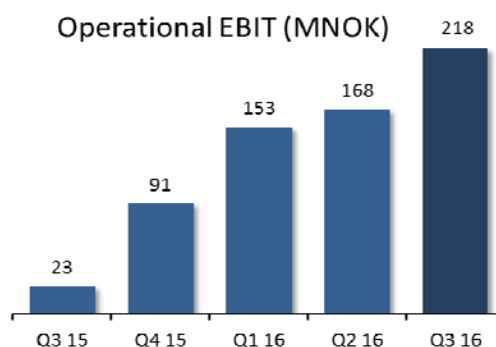
Q3-16



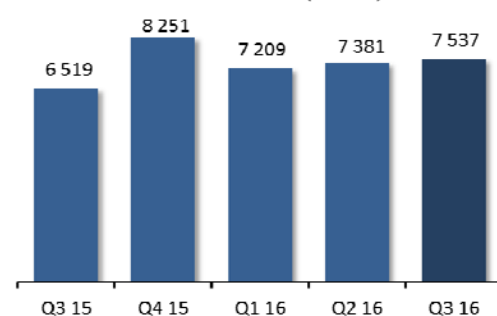
Salmon Price (NASDAQ) (NOK/kg)



Operational EBIT (MNOK)



Harvested volume (HOG)



HIGHLIGHTS Q3 2016

- Operational EBIT of NOK 218 million, the highest in the history of NRS
 - Operational EBIT before contracts per kg of NOK 34.15 in Region North
 - Operational EBIT before contracts per kg of NOK 21.79 in Region South
 - Return on average capital employed for the last four quarters is 50.6 per cent
- Stable production costs in Region North and substantially lower production costs in Region South
- Harvested volume increased with 16 per cent and sold volume with 8 per cent compared with the corresponding period last year
- Record high result before tax and fair value adjustments of NOK 269 million
- Good fish health and sea lice situation for NRS
- Strong salmon market driven by good demand and low supply growth
 - High salmon price in the quarter
 - Expect low long-term global supply growth, which continue to provide good price expectations
- Acquired 50 per cent of Arctic Fish ehf on Iceland

NORWAY ROYAL SALMON - KEY FIGURES (NOK '000)	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
Operating revenues	1 106 855	770 518	3 040 605	2 214 954	3 210 548
Operational EBITDA	233 190	36 328	584 507	149 814	255 591
Operational EBIT	218 112	22 649	539 742	111 045	201 894
Income from associates	15 222	12 482	61 132	10 239	22 754
EBIT	250 659	121 565	533 806	80 543	249 065
EBT	286 244	114 938	677 722	55 689	270 081
EPS (NOK) – before fair value adjustments	4,92	0,68	13,82	1,77	4,99
ROCE ¹⁾			50,6 %	13,2 %	15,4 %
Net cash flow from operating activities	119 077	77 602	585 252	207 431	340 196
Investments in tangible fixed assets/licences	14 660	28 236	54 216	71 209	212 750
Net interest-bearing debt			-13 122	558 576	498 541
Equity ratio			50,0 %	38,3 %	41,3 %
Volume harvested (HOG)	7 537	6 519	22 127	19 652	27 903
Operational EBIT per kg ²⁾	30,35	9,24	27,11	8,39	9,64
Volume sold - Sales	17 662	16 333	49 097	49 413	69 971

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 = 2015, unless otherwise specified)

Revenues and results

Norway Royal Salmon posted operating revenues of NOK 1 106.9 million (NOK 770.5 million) in the third quarter of 2016, an increase of 44 per cent from the corresponding prior-year period. The Group achieved the highest operational EBIT in the history of NRS of NOK 218.1 million (NOK 22.6 million), an increase of NOK 195.5 million. The increase in revenues and operational EBIT is due to higher prices and volume. The Group recognised positive fair value adjustments of NOK 17.3 million (NOK 86.4 million), a decrease of NOK 69.1 million.

The farming business harvested 7 537 tonnes (6 519 tonnes) gutted weight in the quarter, an increase of 16 per cent from the corresponding quarter last year. Including allocated margins from sales, Farming achieved an operational EBIT per kg of NOK 30.35 (NOK 9.24). The increase is due to higher prices. The Sales business sold 17 662 tonnes (16 333 tonnes), an increase of 8 per cent.

Financial items and share of profit from associates

Result from associates totalled NOK 15.2 million (NOK 12.5 million) in the third quarter. NRS' share of fair value adjustments of the biomass after tax amounted to NOK 10.4 million (NOK 8.1 million). Associated farming companies harvested 2 354 tonnes, 905 tonnes more than last year. NRS share of the above figure amounts to 852 tonnes, an increase of 332 tonnes.

A gain of NOK 38.6 million (NOK 0.2 million) on TRS agreements on own shares was posted in the quarter. Net interest expenses for the period were NOK 2.9 million (NOK 6.1 million), a decrease of NOK 3.2 million because of lower interest bearing debt in the period.

Balance sheet

At the end of the reporting period, total assets amounted to NOK 3 210 million, an increase of NOK 374 million from the prior quarter end. The change in total assets is attributable to a number of factors. Fair value adjustments of the biomass increased by NOK 6.9 million, while inventories and biomass at cost increased by NOK 105.7 million. The net increase in inventories and biological assets was NOK 112.6 million. Bank deposits increased by NOK 184.8 million as a result of the payment for the acquisition of Arctic Fish of NOK 268.5 million being placed in a restricted bank account. Financial assets increased with NOK 5.4 million. The Group's receivables increased by NOK 71.7 million.

The Group's net interest-bearing debt decreased by NOK 160.0 million, from NOK 146.9 million at the end of the previous quarter to NOK 13.1 as net bank deposit as of 30 September 2016. The decrease was mainly attributable to an operational EBITDA of NOK 233.2 million, a realised gain on TRS-agreements of NOK 49.2 million and received dividends from associated companies of NOK 6.9 million. Increased working capital of NOK 102.1 million and investments in fixed assets of NOK 14.7 million had the opposite effect on the net interest-bearing debt. At the end of the quarter, the Group had an unused long-term credit facility of NOK 350 million and NOK 361 million in unused overdraft. The Group has restricted bank deposits of NOK 373 million.

As of 30 September, the Group's equity totalled NOK 1 605 million, an increase of NOK 237 million from the end of the previous quarter. The increase is attributable to a total comprehensive income of NOK 236.7 million. At the end of the quarter, the equity ratio was 50.0 per cent.

Statement of cash flow

The Group's operating activities generated a positive cash flow of NOK 119.1 million during the quarter, which represents an increase of NOK 42.4 million compared with the corresponding prior-year quarter. The positive cash flow is attributable to an operational EBITDA of NOK 233.2 million and an increase in accounts payables of NOK 101.0 million. An increase in inventories at cost of NOK 105.8 million, a reduction in other short-term liabilities of NOK 26.1 million, an increase in accounts receivables of NOK 48.0 million, an increase in other receivables of NOK 22.7 million and a negative cash settlement on forward contracts of NOK 12.5 million had an adverse effect on the cash flow.

Net cash inflows in connection with investing activities in the third quarter amounted to NOK 44.4 million (outflow of NOK 4.5 million), and is related to a gain on the realisation of TRS-agreements of NOK 49.2 and received dividends from an associated company of NOK 6.9 million. The payments of NOK 14.7 million for investments in fixed assets had a negative effect on the cash flow.

The net cash inflows from financing activities totalled NOK 21.3 million (outflow of NOK 40.3 million) in the third quarter. Interests paid and instalments amounted to NOK 3.5 million and NOK 14.4 million respectively. Leasing liabilities rose by NOK 0.5 million and the bank overdraft facility rose by NOK 38.7 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 Troms and western Finnmark, and 6 licences in Region South, located in the area around Haugesund.

The business posted sales revenues of NOK 1 104.9 million in the third quarter (NOK 743.9 million), an increase of 49 per cent. The spot price (NASDAQ) for superior quality during the quarter was NOK 59.52 per kg gutted weight, a reduction of 7 per cent from the second quarter of 2016 and an increase of 46 per cent compared with the third quarter of 2015. The sales operations experienced an increase in sales volumes of 8 per cent compared with the corresponding prior-year period. 17 662 tonnes (16 333 tonnes) were sold in the third quarter. The Sales business achieved an operational EBIT before open fixed-price contracts of NOK 14.1 million (NOK 1.9 million), which equates to NOK 0.80 (NOK 0.12) per kg sold volume in the period. The loss on open fixed-price contracts was NOK 23.1 million (NOK 0.0) in the quarter.

The Farming operations harvested 7 537 tonnes (6 519 tonnes) gutted weight in the third quarter, an increase of 16 per cent from the corresponding period last year. The estimated harvest volume for 2016 is 26 700 tonnes gutted weight and 34 000 tonnes gutted weight for 2017. 10.1 million smolts were released in 2016.



REGION NORTH

Operational EBIT came in at NOK 220.3 million (NOK 60.2 million), an increase of NOK 160.1 million compared with the same quarter last year. Operational EBIT (ex. contracts) per kg amounted to NOK 34.15 (NOK 9.69). Loss on fixed-price contracts of NOK 3.06 per kg contributed to an operational EBIT per kg of NOK 31.09 (NOK 9.69).

7 086 tonnes (6 206 tonnes) were harvested in the region in the third quarter, an increase of 14 per cent. The achieved price for the Farming operations was NOK 21.88 per kg higher than in the corresponding period last year. The average weight of harvested fish has contributed positively to the price achievement, while contracts and a significant proportion of volume being harvested in September, contributed negatively.

Production costs for harvested fish was NOK 0.34 lower than in the second quarter of 2016 and NOK 1.00 lower than in the corresponding period last year. The fish health and sea lice situation is good in the region.

The estimated harvest volume for 2016 is 21 700 tonnes gutted weight and 27 500 tonnes for 2017. 8.4 million smolts were released in 2016.

KEY FIGURES (NOK '000)	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
Operating revenues	1 038 773	708 256	2 621 419	1 787 663	2 607 395
Operational EBITDA	232 433	70 920	595 034	175 201	286 009
Operational EBIT	220 321	60 163	559 239	145 162	244 110
Investment in tangible and intangible assets	13 122	20 171	49 962	62 848	113 339
Volume harvested (tonnes)	7 086	6 206	19 055	16 164	22 971
Operational EBIT per kg (ex contracts)	34,15	9,69	31,59	8,98	10,63
Loss on open fixed price contracts	-3,06	0,00	-2,24	0,00	0,00
Operational EBIT per kg	31,09	9,69	29,35	8,98	10,63

REGION SOUTH

Operational EBIT came in at NOK 8.5 million (NOK 0.1 million), an increase of NOK 8.4 million. Operational EBIT (ex. contracts) per kg amounted to NOK 21.79 (NOK 0.24). Loss on fixed-price contracts of NOK 3.06 per kg contributed to an operational EBIT per kg of NOK 18.73 (NOK 0.24).

451 tonnes (312 tonnes) were harvested in the region in the third quarter, an increase of 45 per cent from the corresponding prior-year period. The Farming operations achieved a price of NOK 15.57 per kg higher than in the corresponding prior-year period.

The production costs for harvested fish is NOK 13.78 per kg lower than in the second quarter of 2016 and NOK 4.40 lower than in the corresponding period last year. Improved operations have resulted in lower production costs in the quarter. Region South achieved higher than expected growth in the quarter.

Estimated harvest volume for 2016 is 5 000 tonnes gutted weight and 6 500 tonnes for 2017. 1.7 million smolts were released in 2016.



KEY FIGURES (NOK '000)	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
Operating revenues	66 135	35 650	415 842	394 682	568 585
Operational EBITDA	11 417	2 998	49 597	28 375	36 655
Operational EBIT	8 451	76	40 628	19 691	24 933
Investment in tangible and intangible assets	2 091	6 978	2 390	7 864	7 909
Volume harvested (tonnes)	451	312	3 071	3 488	4 932
Operational EBIT per kg (ex contracts)	21,79	0,24	15,50	5,65	5,05
Loss on open fixed price contracts	-3,06	0,00	-2,27	0,00	0,00
Operational EBIT per kg	18,73	0,24	13,23	5,65	5,05

SHARES

As of 30 September 2016 Norway Royal Salmon ASA had 43 572 191 shares, allocated among 1 643 shareholders, a reduction of 70 from the end of the previous quarter. At the end of the quarter, the group had 98 279 treasury shares. The share price increased from NOK 122.50 at the end of June 2016 to NOK 141.00 at the end of September 2016. 6 708 188 shares were traded during the quarter.

EVENTS IN OR SUBSEQUENT TO THE QUARTER

Contractual rights and TRS agreements for own shares

During the third quarter, Norway Royal Salmon has extended TRS (Total Return Swap) agreements. After this transaction Norway Royal Salmon owns or has a contractual right to 2 452 970 shares, which equates 5.63 per cent of the company's share capital.

Sickness absence

At 2.6 per cent, the Group's sickness absence rate decreased by 1.3 per cent from the previous quarter. The long-term absenteeism represents a substantial part of the absence.

Acquisition of 50 per cent of Arctic Fish ehf on Island

On the 23th August 2016, Norway Royal Salmon entered into an agreement to acquire 50 per cent of Arctic Fish ehf. through a directed private placement in the amount of EUR 29 million. The transaction will be financed through existing cash and loan facilities. The remaining 50 per cent ownership in Arctic Fish is owned by Bremesco Holding Ltd and Novo ehf, with 47.5 per cent and 2.5 per cent respectively.

Following the transaction, the Board of Arctic Fish will consist of two directors elected by Norway Royal Salmon ASA and two chosen by Bremesco Holding. In addition, the parties will together appoint an independent Chair of the Board so that the Board total will consist of five members. The transaction will not lead to any changes in the management of Arctic Fish.

The investment in Arctic Fish is considered to be an associated company accounted for by the equity method in Norway Royal Salmon ASA. The transaction was recognised in the accounts in October 2016, when all the necessary approvals associated with the transaction were met.

Through the transaction, NRS is entering the salmon farming industry on Iceland. NRS considers Iceland to be an exciting area with great growth potential, and will, through the transaction, be in a position to take an active role in the development and consolidation of



the industry. Through the transaction, Arctic Fish will be able to capitalize on NRS' competence in salmon farming and sales. The goal is to build the leading fish farming company on Iceland.

Since the establishment of Arctic Fish in 2011, the company has positioned itself as one of the leading trout- and salmon farming companies on Iceland. Arctic Fish's operations are concentrated in the Westfjords, which is a very attractive area for farming, with many similar characteristics to Finnmark. Arctic Fish currently has licenses for a total allowed annual production of 9 000 tonnes fish. Arctic Fish is currently building its own hatchery for smolt. Following completion, the hatchery will have an annual capacity of around 7 million smolt. The hatchery is strategically located in near proximity to the farm sites of Arctic Fish.

MARKET CONDITIONS

The total value of salmon exported from Norway in the third quarter was NOK 15.6 billion. This is the highest export value in a quarter ever and an increase of 3.9 billion from the third quarter of 2015. This represents an increase of 33 per cent. Exported volumes from Norway was at the same level as last year, which means the increase in value was due to significantly higher prices. Spot price (NASDAQ) in the third quarter of 2016 was NOK 59.52 per kg superior quality salmon (delivered Oslo). This is the second highest spot price recorded in a quarter in the past 20 years, only the second quarter of 2016 have had higher prices. In the same period last year, the spot price NOK 40.71. The strong price growth is largely driven by higher prices in local currency. In EUR, the prices of Norwegian salmon increased by 43 per cent from EUR 4.47 per kg last year to EUR 6.40 per kg this year. Stable volume combined with good underlying market development for Norwegian salmon in most markets has contributed greatly to the high prices of salmon in the third quarter.

Although import of Norwegian salmon decreased by 0.6 per cent in the quarter, the demand from EU has been good. The reduction is in line with the general decline in volume. As the prices are clearly higher than last year, this indicates a good underlying demand. Although the availability of volume decreased slightly and prices increased significantly, several markets excel. Poland had the most positive development with a growth of 11 per cent, but also the markets in UK, Germany and Belgium increased compared with last year. The markets in Spain, Sweden and Italy fell somewhat as a result of the high price level. Poland is the biggest market for Norwegian salmon with a market share of 15 per cent, followed by France with 11 per cent.

Eastern Europe has had a clear decline in imports of Norwegian salmon in the recent quarters and compared to last year the volumes fell by 32 per cent in the third quarter. The main reason for the in volume reduction is lower exports to Belarus, Turkey, Ukraine and Kazakhstan. Eastern Europe had a market share of Norwegian salmon at 2 per cent in the third quarter.

Demand for Norwegian Salmon in Asia has had a good development for a long time, and the import in Asia increased by 8 per cent in the third quarter. The Middle East, South-East Asia and Japan increased their imports despite the high price increase in local currency. Countries that developed favourably were Thailand, Singapore, Vietnam and Israel. Even with the existing trade issues with China, we believe the underlying demand for salmon in the region is good. Asia has a market share of Norwegian salmon at 15 per cent.



Demand for salmon in North America continue the positive trend from last year and earlier this year. Imports of Norwegian salmon increased by 5 per cent compared to the same period last year, driven by strong demand in for Norwegian salmon in the US. Weaker NOK against USD and trade barriers in Russia and China provides opportunities for Norwegian salmon in this region. North America represents 5 per cent of Norwegian salmon exports.

The NRS' Sales operations had good profitability in the quarter and significantly better than the third quarter last year. A good price achievement, better margins and higher volumes have contributed positively to the profitability of the sales operations. 75 per cent of the harvested fish were sold in the spot market in the third quarter, while 25 per cent was sold at fixed prices. The fixed price contracts resulted in a loss of NOK 23.1 million compared to the level of spot prices. Total sales volumes were better than expected in the third quarter, and was 8 per cent higher than in the same quarter last year. With a substantially higher sold volume, NRS experiences growth in most markets. The markets in Asia/USA had an increase of 20 per cent in the third quarter. Higher average weight on the sold fish than earlier this year has contributed to a shift of volume to Asia/USA. NRS had a growth of 2 per cent in the second quarter in Western Europe. The export to Eastern Europe from NRS continues to fall and fell by 2 per cent in the third quarter compared with the same period last year. The volumes to Norway increased significantly because there was a higher level of fish of lower quality. In the third quarter, Western Europe accounted for 72 per cent of the export volumes, Asia accounted for 19 per cent, Eastern Europe accounted for 9 per cent, while the USA accounted for 1 per cent. Domestic volume amounts to 14 per cent of the total sold volume.

OUTLOOK

Harvested volume for the quarter was 7 537 tonnes, 500 tonnes more than estimated at the end of the last quarter. As a result of lower growth in Region North in the quarter, the estimated volume for 2016 is reduced with 300 tonnes to 26 700 tonnes. The estimated volume for 2017 is 34 000 tonnes, an increase of 27 per cent from 2016. The farming operations has hedged prices for 1 804 tonnes for the fourth quarter of 2016 and 2 988 tonnes for 2017.

In the third quarter, the supply of salmon to the global market was 8 per cent lower than the year before. Export volumes from Norway were on the same level as last year, which means the reduction globally is mainly due to significantly lower volumes from Chile. Lower volumes and increased underlying demand contributed to a significant price increase for salmon in the third quarter compared with the corresponding period last year. We expect that the global decline in volume to continue through the first quarter of 2017, after that some growth is expected. For 2016, a decrease in volume between 3 and 5 per cent from Norway and between 6 and 8 per cent globally is expected. The expected reduction from Chile is around 20 per cent in 2016. Expectations for 2017 indicate a growth from 2016 between 2 and 5 per cent driven mainly by growth from Norway and Chile. The supply growth will be lower at the beginning of 2017 and is expected to be higher in the second half of 2017. A continued low supply growth and good work in the markets provides the basis for a positive market outlook for the industry. High price and large currency fluctuations can create uncertainty in the short term in some markets, although the underlying demand is perceived as good in most markets we trade.

NRS was awarded 10 licenses in 2014. This gives a possibility for 40 per cent organic growth and a more sustainable production for NRS. The company has a strong focus on exploiting the growth potential. NRS has received approval for releasing the planned number of triploid salmon to the sea. Overall smolt releases for 2016 were 10.1 million smolts. Given the positive market outlook in the coming years, with low supply growth, NRS expect that the new licenses will contribute positively to the Group's results. NRS is satisfied that the farming operations primarily are located in Troms and Finnmark, where there are good conditions for the production of salmon at low production costs.

Trondheim, 8 November 2016

Helge Gåsø
Chair

Kristine Landmark
Vice Chair

Marianne E. Johnsen

Inge Kristoffersen

Lars Måsøval

Trude Olafsen

Charles Høstlund
CEO



INTERIM REPORT

Q3 2016

INTERIM REPORT INCOME STATEMENT

(NOK '000)	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
Operating revenues	1 106 855	770 518	3 040 605	2 214 954	3 210 548
Cost of goods sold	805 295	660 357	2 258 500	1 883 775	2 707 071
Salaries	35 884	27 916	105 915	78 358	113 268
Depreciation	15 078	13 680	44 765	38 769	53 697
Other operating costs	32 486	45 916	91 684	103 008	134 618
Operational EBIT	218 112	22 649	539 742	111 045	201 894
Fair value adjustments	17 325	86 434	-67 068	-40 741	24 416
Income from associates	15 222	12 482	61 132	10 239	22 754
EBIT	250 659	121 565	533 806	80 543	249 065
Gain/loss on financial assets	38 586	216	156 580	-5 052	45 200
Other net financial items	-3 001	-6 844	-12 663	-19 802	-24 184
EBT	286 244	114 938	677 722	55 689	270 081
Tax	-58 110	-27 605	-115 015	-13 645	-32 498
Net profit/loss	228 134	87 333	562 707	42 044	237 582
Profit attributable to:					
Parent company shareholders	223 364	90 692	549 884	44 827	229 633
Minority interests	4 770	-3 359	12 823	-2 783	7 950
Earnings per share (NOK)	5,14	2,08	12,64	1,03	5,28
Earnings per share - diluted	5,14	2,08	12,64	1,03	5,28

EXTENDED INCOME STATEMENT

(NOK '000)	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
Net profit/loss	228 134	87 333	562 707	42 044	237 582
Items to be reclassified to profit or loss:					
Cash Flow hedges (net)	8 607	-8 079	48 843	-5 581	-362
Items not to be reclassified to profit or loss:					
Actuarial gains on defined benefit plans (net)	0	0	0	0	4 749
Total comprehensive income	236 741	79 253	611 550	36 464	241 970
Total comprehensive income attributable to:					
Parent company shareholders	231 971	82 612	598 728	39 247	234 020
Minority interests	4 770	-3 359	12 823	-2 783	7 950



BALANCE SHEET

(NOK '000)	30.09.2016	30.06.2016	31.12.2015	30.09.2015
Intangible assets	648 887	648 887	648 887	648 887
Property, plant and equipment	366 589	367 008	357 948	321 425
Non-current financial assets	239 647	234 283	190 385	155 871
Non-current assets	1 255 122	1 250 179	1 197 221	1 126 182
Inventory and biological assets	909 078	796 469	870 559	805 349
Receivables	672 785	601 130	601 126	514 715
Bank deposits, cash	373 419	188 587	201 339	114 804
Current assets	1 955 282	1 586 186	1 673 024	1 434 868
TOTAL ASSETS	3 210 405	2 836 365	2 870 245	2 561 051
Share capital	43 474	43 474	43 502	43 502
Other equity	1 531 949	1 299 836	1 070 287	875 084
Non-controlling interests	29 151	24 381	72 730	61 998
Equity	1 604 574	1 367 691	1 186 519	980 583
Pensions	12 480	12 480	12 480	18 733
Deferred tax	431 387	370 409	303 485	284 286
Provisions	443 867	382 888	315 965	303 019
Long-term interest-bearing debt	277 616	290 038	653 361	625 111
Short-term interest-bearing debt	82 681	45 401	46 519	48 269
Trade payables	570 282	469 223	530 430	461 337
Tax payable	5 764	5 764	3 180	74
Other current liabilities	225 621	275 360	134 271	142 659
Current liabilities	884 348	795 748	714 400	652 338
TOTAL EQUITY AND LIABILITIES	3 210 405	2 836 365	2 870 245	2 561 051



INTERIM REPORT

Q3 2016

STATEMENT OF EQUITY

30.09.2016	<u>Equity allocated to parent company shareholders</u>				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
(NOK '000)						
Equity at 01.01.2016	43 572	-71	1 070 288	1 113 791	72 731	1 186 519
Total comprehensive income	0	0	598 728	598 728	12 823	611 550
Transactions with shareholders						
Dividend	0	0	-111 773	-111 773	0	-111 773
Share based payment	-	0	-10 892	-10 892	0	-10 892
Purchase/sale of treasury shares	0	-27	-1 540	-1 567	0	-1 567
Purchase minority interest	0	0	-13 598	-13 598	-56 402	-70 000
Other changes	0	0	737	737	0	737
Total transactions with shareholders	0	-27	-137 066	-137 094	-56 402	-193 496
Equity at 30.09.2016	43 572	-98	1 531 950	1 575 426	29 151	1 604 574

30.09.2015	<u>Equity allocated to parent company shareholders</u>				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
(NOK '000)						
Equity at 01.01.2015	43 572	-34	905 587	949 126	64 781	1 013 907
Comprehensive income	0	0	39 247	39 247	-2 783	36 464
Transactions with shareholders						
Dividend	0	0	-65 353	-65 353	0	-65 353
Share based payment	0	0	-1 679	-1 679	0	-1 679
Purchase/sale of treasury shares	0	-37	-2 552	-2 589	0	-2 589
Other changes	0	0	-165	-165	0	-165
Total transactions with shareholders	0	-37	-69 749	-69 786	0	-69 786
Equity at 30.09.2015	43 572	-71	875 084	918 587	61 997	980 583

31.12.2015	<u>Equity allocated to parent company shareholders</u>				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
(NOK '000)						
Equity at 01.01.2015	43 572	-34	905 587	949 126	64 781	1 013 907
Total comprehensive income	0	0	234 020	234 020	7 950	241 970
Transactions with shareholders						
Dividend	0	0	-65 353	-65 353	0	-65 353
Share based payment	0	0	-1 249	-1 249	0	-1 249
Purchase/sale of treasury shares	0	-37	-2 552	-2 589	0	-2 589
Other changes associated companies	0	0	-165	-165	0	-165
Total transactions with shareholders	0	-37	-69 319	-69 356	0	-69 356
Equity at 31.12.2015	43 572	-71	1 070 288	1 113 791	72 731	1 186 519



INTERIM REPORT

Q3 2016

STATEMENT OF CASH FLOW

(NOK '000)	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
Operational EBIT	218 112	22 649	539 742	111 045	201 894
Adjusted for:					
Tax paid	0	0	0	-2 031	-2 031
Depreciation	15 078	13 680	44 765	38 769	53 697
Gains (-)/ losses (+) on disposal of non-current assets	0	0	10	1	-1
Share based payment	189	429	-10 892	-1 679	-1 249
Pension costs with no cash effect	0	0	0	0	78
Change in inventory / biomass	-105 749	-45 460	-31 157	-11 946	-24 423
Change in debtors and creditors	53 010	21 284	21 502	49 383	25 101
Change in other current assets and other liabilities	-61 563	65 021	21 282	23 889	87 130
Net cash flow from operating activities	119 077	77 602	585 252	207 431	340 196
Cash flow from investing activities					
Proceeds from sale of property, plant and equipment	0	0	800	67	157
Payments for purchase of PPE and licenses	-14 660	-28 236	-54 216	-161 209	-212 750
Proceeds from investments in non-current financial assets	56 091	23 695	173 787	122 444	127 999
Payments for investments in non-current financial assets	0	0	0	-2 641	-4 641
Payments for acquisition of minority interest in subsidiary	0	0	-70 000	0	0
Change in loans to associates and others	3 000	0	3 000	1 800	-18 200
Net cash flow from investing activities	44 432	-4 541	53 371	-39 539	-107 435
Cash flow from financing activities					
Receipts from new long-term debt	527	19 343	10 308	142 152	185 259
Long-term debt repayments	-14 388	-11 172	-388 610	-30 873	-43 681
Net change in overdraft	38 720	-42 041	38 720	-138 777	-142 576
Sale and purchase of treasury shares	-48	0	-1 567	-2 589	-2 589
Interest paid	-3 488	-6 392	-13 621	-19 142	-23 976
Dividend payment	0	0	-111 773	-65 353	-65 353
Net cash flow from financing activities	21 323	-40 262	-466 543	-114 582	-92 916
Net increase (+)/ decrease (-) in cash & cash equivalents	184 832	32 799	172 080	53 310	139 845
Cash and cash equivalents - opening balance	188 587	82 005	201 339	61 494	61 494
Cash and cash equivalents - closing balance	373 419	114 804	373 419	114 804	201 339

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 2015 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 2015 are available upon request from the company's head office at Ferjemannsveien 10, Trondheim or at www.norwayroyalsalmon.com.

The Group's accounting principles in this interim report are the same as described in the annual financial report for 2015.



INTERIM REPORT

Q3 2016

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 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	
	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015
Total sales revenues	1 104 908	743 907	437 580	247 444	25 234	12 608	1 948	26 612	1 569 669	1 030 572
Internal sales revenues	0	0	437 580	247 444	25 234	12 609	0	0	462 814	260 054
External sales revenues	1 104 908	743 907	0	0	0	-1	1 948	26 612	1 106 855	770 518
Operational EBIT	-8 941	1 886	228 728	58 367	8 986	-15	-10 660	-37 590	218 112	22 649
Fair value adjustments	10 466	31 556	-30 128	51 122	36 987	3 756	0	0	17 325	86 434
Income from associates	0	0	0	0	0	0	15 222	12 482	15 222	12 482
EBIT	1 525	33 442	198 600	109 489	45 973	3 741	4 562	-25 108	250 659	121 565
EBT	1 410	33 235	198 092	106 310	44 883	1 715	41 858	-26 323	286 244	114 938
Volume harvested (HOG)			7 086	6 206	451	312			7 537	6 519
Operational EBIT per kg			32,28	9,40	19,92	-0,05			31,54	8,95
Volume sold	17 662	16 333							17 662	16 333
Operational EBIT per kg	-0,51	0,12							-0,51	0,12
- of which loss on open fixed-price contracts per kg.	-1,31	0,00							-1,31	0,00

(NOK '000)	Sales		Region North		Region South		Eliminations/other		Total	
	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015
Total sales revenues	3 037 262	2 178 027	1 130 979	602 811	186 434	129 378	3 344	32 880	4 358 019	2 943 096
Internal sales revenues	0	0	1 130 980	598 763	186 434	129 379	0	0	1 317 414	728 141
External sales revenues	3 037 262	2 178 027	0	4 048	0	0	3 344	32 880	3 040 605	2 214 954
Operational EBIT	-14 619	19 100	571 124	129 843	43 362	15 911	-60 125	-53 809	539 742	111 045
Fair value adjustments	-74 430	14 800	-21 369	-29 954	28 731	-25 587	0	0	-67 068	-40 741
Income from associates	0	0	0	0	0	0	61 132	10 239	61 132	10 239
EBIT	-89 049	33 900	549 755	99 889	72 093	-9 676	1 007	-43 570	533 806	80 543
EBT	-89 631	33 299	546 610	90 325	67 929	-15 095	152 813	-52 840	677 722	55 689
Volume harvested (HOG)			19 055	16 164	3 071	3 488			22 127	19 652
Operational EBIT per kg			29,97	8,03	14,12	4,56			27,77	7,42
Volume sold	49 097	49 413							49 097	49 413
Operational EBIT per kg	-0,30	0,39							-0,30	0,39
- of which loss on open fixed-price contracts per kg.	-1,01	0,00							-1,01	0,00



NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass

In accordance with IAS 41, the biomass is recognised at fair value. 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 with the entire estimated loss. Market prices based on externally quoted forward prices from Fish Pool (see table below), for the period when the fish are expected to be harvested are used when calculating the fair value. Sales prices are adjusted for sales costs and harvesting costs and costs of transportation to Oslo. The estimated quality distribution of the fish is also taken into account when estimating the value. Price is set per site and weighted in relation to the expected harvesting period of the fish.

Book value of inventory:

(NOK '000)	30.09.2016	30.06.2016	30.09.2016	31.12.2015
Raw materials	33 859	29 306	26 584	27 034
Biological assets (biomass)	861 935	743 821	757 215	829 928
Finished goods	13 285	23 342	21 550	13 596
Total inventory	909 078	796 469	805 349	870 559

Specification of the biomass:

(NOK '000)	30.09.2016	30.06.2016	30.09.2016	31.12.2015
Biomass at cost	657 179	545 924	612 554	632 534
Fair value adjustments of the biomass	204 756	197 897	144 661	197 394
Book value of the biomass	861 935	743 821	757 215	829 928

Specification of biological assets - tonnes

	Q3 2016	Q2 2016	Q3 2015	FY 2015
Opening balance biological assets	15 025	18 585	19 285	23 537
Increase due fish put in the sea	478	572	156	865
Increase due to production in the period	11 669	5 408	11 695	33 614
Reduction due to mortality in the period	-615	-686	-336	-1 637
Reduction due to harvesting in the period	-8 973	-8 811	-7 768	-33 258
Non-recurring items and sold biomass	0	-42	-714	-714
Closing balance biological assets	17 584	15 025	22 318	22 407

Specification of changes in book value of biological assets:

(NOK '000)	Q3 2016	Q2 2016	Q3 2015	FY 2015
Biological assets as of 1 January	743 821	791 315	671 307	808 674
Increase due to production in the period	300 325	215 881	263 764	853 256
Extraordinary event at cost	0	-8 000	-25 000	-25 000
Reduction due to harvesting in the period	-189 070	-230 807	-207 736	-804 194
Fair value adjustments of the biological assets	6 859	-24 568	54 880	-2 808
Fair value adj. of the biological assets due to extraordinary event	0	0	0	0
Biological assets as of 31 December	861 935	743 821	757 215	829 928



NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass cont.

Groups of biological assets, status pr 30.09.2016	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	7 029	3 532	212 687	0	212 687
1-4 kg	5 418	12 731	409 837	183 705	593 542
Larger than 4 kg	228	1 317	34 656	21 051	55 706
Biological assets	12 675	17 580	657 179	204 756	861 935

Groups of biological assets, status pr 30.06.2016	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	5 804	2 740	207 977	0	207 977
1-4 kg	3 077	5 730	193 675	59 095	252 770
Larger than 4 kg	1 176	6 555	144 272	138 802	283 074
Biological assets	10 058	15 025	545 924	197 897	743 821

Groups of biological assets, status pr 30.09.2015	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	3 328	1 202	77 228	0	77 228
1-4 kg	6 464	17 841	449 651	125 912	575 563
Larger than 4 kg	791	3 276	85 674	18 750	104 424
Biological assets	10 583	22 318	612 553	144 662	757 215

Groups of biological assets, status pr 31.12.2015	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	5 172	2 376	143 001	0	143 001
1-4 kg	4 259	12 561	325 229	94 543	419 772
Larger than 4 kg	1 628	7 470	164 304	102 851	267 155
Biological assets	11 059	22 407	632 534	197 394	829 928

Fish Pool forward prices used in the calculation of the fair value of the biomass

30.09.2016	NOK/kg	30.06.2016	NOK/kg	30.09.2015	NOK/kg	31.12.2015	NOK/kg
Q4 16	63,75	Q3 16	59,00	Q4 15	43,67	Q1 16	51,80
Q1 17	63,40	Q4 16	61,00	Q1 16	45,00	Q2 16	47,50
Q2 17	63,58	Q1 17	60,40	Q2 16	44,60	Q3 16	44,10
Q3 17	55,32	Q2 17	59,78	Q3 16	40,72	Q4 16	44,60
Q4 17	56,68	Q3+Q4 17	60,00	Q4 16	41,44	Q1 + Q2 17	49,65

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: Extraordinary events

Extraordinary events	Q3 2016			Q3 2015		
	Cost	Fair value adjustments	Fair value	Cost	Fair value adjustments	Fair value
Fish disease ISA, destruction required by the authorities 1)	0	0	0	25 000	0	25 000
Biological assets	0	0	0	25 000	0	25 000

Extraordinary events	YTD 2016			YTD 2015		
	Cost	Fair value adjustments	Fair value	Cost	Fair value adjustments	Fair value
Fish disease ISA, destruction required by the authorities 1)	0	0	0	25 000	0	25 000
Destruction of fish with winter wounds Nor Seafood AS ¹	11 186	0	11 186	0	0	0
Destruction of desmoltified fish NRS Finnmark AS ¹	8 000	0	8 000	0	0	0
Biological assets	19 186	0	19 186	0	0	0

Extraordinary events	FY 2015		
	Cost	Fair value adjustments	Fair value
Fish disease ISA, destruction required by the authorities 1)	25 000	0	25 000
Biological assets	25 000	0	25 000

1) Fish less than 1 kg. The best estimate of fair value is cost.

In addition, a fine of MNOK 6,3 to Nord Senja Laks was recognised as an extraordinary event in the Q3 2015. This does not affect biological assets.

NOTE 5: 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)	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2015
Change in fair value adjustments of the biomass	6 859	54 878	7 362	-55 541	-2 808
Change in provision for onerous sales contracts	22 990	-2 350	-96 363	3 176	-22 241
Change in unrealised gains/losses on financial fish pool contracts	-12 524	33 907	21 933	11 624	49 465
Total fair value adjustments	17 325	86 434	-67 068	-40 741	24 416

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

(NOK '000)	30.09.2016	30.06.2016	31.12.2015	30.06.2015
Fair value adjustments biomass (inventory and biological assets)	204 756	197 897	197 394	144 661
Provision for onerous sales contracts (other current liabilities)	-124 130	-147 120	-27 767	-2 350
Fair value of financial fish pool contracts (other receivables/other current liabilities)	84 219	96 742	62 286	24 445
Net fair value adjustments in the balance sheet	164 845	147 519	231 913	166 756

NOTE 6: Transactions with related parties

The Norway Royal Salmon Group undertakes transactions under ordinary terms and conditions with associates and fish farmers 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 8 658 were purchased from enterprises controlled by the company's Chair Helge Gåsø in 2016. Services for TNOK 3 405 were purchased in Q3 2016. 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 Søner AS, been purchased for KNOK 16 018 in 2016. Smolts for TNOK 10 285 were purchased in Q3 2016.

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 and 24 June 2014. 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 and 24 June 2014, and in relation to price increases during the period on the number of shares covered by the programme. After the execution of 150 000 options in Q3 2016, the scheme covers 370 000 shares allocated to the Group's management at the end of the year. In the third quarter of 2016 costs relating to the option scheme was recognised in the income statement in the amount of KNOK 5 266.

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 01.01.2016	Share of profit/loss in the period after tax	Other changes	Book value 30.09.2016	Share of volume harvested - tonnes HOG 30.09.2016*
Wilsgård Fiskeoppdrett AS	37,50 %	64 733	42 460	0	107 193	1 182
Måsøval Fishfarm AS	36,10 %	16 731	720	-6 859	10 593	431
Hellesund Fiskeoppdrett AS	33,50 %	51 995	15 729	-2 012	65 712	459
Hårdanger Fiskeforedling AS	31,10 %	8 542	880	0	9 422	
Espevær Laks AS	33,33 %	2 222	442	0	2 664	
Ranfjord Fiskeprodukter AS	37,75 %	20 689	902	0	21 591	
Skardalen Settefisk AS	30,00 %	5 032	0	0	5 032	
Other		48	0	0	48	
Total associates 30.09.2016		169 993	61 133	-8 871	222 253	2 072
Total associates 30.09.2015		150 155	10 239	-4 918	155 476	1 911

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

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

Some associates own shares in Norway Royal Salmon ASA. These are recognised at cost in the accounts of the companies. The fair value of the shares that the associated companies own is not included in the Group accounts.

Associates that own shares in NRS as of 30 September 2016:

	Shareholding	Number of shares	Cost	Fair value	Fair value adjustment	NRS' share of fair value adjustment
Måsøval Fishfarm AS	36,10 %	252 520	783	35 605	34 823	12 571
Hellesund Fiskeoppdrett AS	33,50 %	1 620 380	13 190	228 474	215 283	72 120
Total		1 872 900	13 973	264 079	250 106	84 691

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 30.06.2016	Market value 30.09.2016	Change in market value Q3 2016
NOK	100 000	Fixed 3,37%	3 M NIBOR	07.09.2016	-602	0	602

Note 9 Treasury shares and TRS agreements

As at 30 September the company holds 98 279 treasury shares, corresponding to 0.23 % of the share capital of the company. Norway Royal Salmon ASA's total underlying exposures through TRS agreements is at 30 September 2 354 691 shares, representing 5.40 % 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 49 232 and is posted as a financial item (gain on financial assets) in the income statement.

(NOK '000)	No. of shares	Exercise Price	Maturity	Market value 30.06.2016	Market value 30.09.2016	Change in market value Q3 2016
TRS 1	2 354 691	106,8371	15.09.2016	39 022	0	-39 022
TRS 2	2 354 691	129,6229	15.03.2017	0	28 372	28 372
Sum				39 022	28 372	-10 650

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 third quarter 2016 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 30.09.2016:

Shareholder	No. of shares	Shareholding
GÅSØ NÆRINGSUTVIKLING AS	6 632 835	15,22 %
GLASTAD INVEST AS	5 768 862	13,24 %
MÅSØVAL EIENDOM AS	5 111 933	11,73 %
EGIL KRISTOFFERSEN OG SØNNER AS	4 679 382	10,74 %
HAVBRUKSINVEST AS	3 706 873	8,51 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	2 365 730	5,43 %
SPAREBANK 1 MARKETS AS	1 698 009	3,90 %
HELLESUND FISKEOPPDRETT A/S	1 620 380	3,72 %
LOVUNDLAKS AS	1 051 205	2,41 %
NYHAMN AS	1 022 457	2,35 %
STATE STREET BANK AND TRUST CO.	738 112	1,69 %
JP MORGAN BANK LUXEMBOURG S.A	425 176	0,98 %
HOLTA INVEST AS	344 368	0,79 %
MSIP EQUITY	287 010	0,66 %
HENDEN FISKEINDUSTRI AS	283 808	0,65 %
MP PENSJON PK	263 265	0,60 %
MÅSØVAL FISHFARM AS	252 520	0,58 %
JPMORGAN CLEARING CORP.	218 000	0,50 %
THE BANK OF NEW YORK MELLON SA/NV	214 607	0,49 %
JPMORGAN CHASE BANK, N.A., LONDON	208 986	0,48 %
Total 20 largest shareholders	36 893 518	84,67 %
Total other shareholders	6 678 673	15,33 %
Total no. of shares	43 572 191	100,00 %