



Annual Report 2015

norwayroyalsalmon.com





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COMMITTED
BY NAME

Retrospective

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Message from the CEO

2015 was an eventful year for both Norway Royal Salmon and Norwegian salmon. With strong demand, 2015 was another record year for Norwegian salmon. The export value of Norwegian salmon was as much as 48 billion kroner. Both volume and salmon prices rose compared to 2014. NRS reached several new records in 2015. With harvest volumes of 28 000 tonnes and sales volumes of 70 000 tonnes of salmon, all historical records were bypassed. In 2015 we worked purposefully within the strategy set for the group to build the foundation for new records.

Over the next five years, will Norway Royal Salmon develop into Norway's most profitable salmon company and grow from a medium-sized to a large salmon company. We will reach these goals through being a preferred employer and through sustainable growth.

Through the work done in 2015, 7 of our sites in Finnmark have been ASC (Aquaculture Stewardship Council) certified. NRS is, with these certificates, one of the leading companies with a certified production that operates within the strictest international environmental standards in the salmon industry today. In addition, we have Global Gap certified fish at all our sites. Both of these certification schemes are important for the product we sell, and we will continue to work hard to achieve the goal that all our salmon will be certified in accordance with the strictest environmental standards.

The fight against sea lice is high on our agenda. There have been many headlines about sea lice in the media during the year, and several places in the country have experienced significant challenges with sea lice. As I see it today, sea lice is the industry's biggest problem and a challenge that we must solve together. For our part, 2015 has been a year where we managed to control sea lice in a good way in both Region North and Region South. The development in Troms has been particularly pleasing, altered site structures and use of lumpfish have contributed to low levels of lice throughout most of 2015. Control over sea lice and low sea lice levels is a prerequisite for further growth of the industry in the coming years. NRS has around 85 per cent of the production capacity in Region North, and through our attractive location in the north, we are well placed to take part in the future growth in Norway.

In 2014, NRS was awarded 10 green licenses, and we have since worked to realize our growth potential through these licenses. Much work has been done, but there is still remaining work to fully utilize the production capacity and steer the industry in an even more sustainable direction. This work has a high priority in NRS. We are working on several exciting projects that will develop NRS from a medium-sized to large salmon farming company. Hatcheries for optimization of smolt logistics and development licenses are some of the projects. We have, together with Aker ASA, applied for 15 development licenses, the companies have developed an offshore salmon farming concept that facilitate sustainable growth in areas that the aquaculture technology thus far has not been able to exploit. This exciting project will contribute to the development of the aquaculture farms of the future.

Although the prospects for salmon prices are good for the next years, it is still important to focus on improving costs. If we look back on the results of 2015, the difference in performance between sites have been too big, and it is therefore important we continue to work to improve biological and economic results. Through our strategy, we have aimed to be one of the most profitable farming companies in Norway, and this means that we must have control over costs also in periods of good prospects.

The effort put in by our employees is critical to success in the work we do to realize our strategic goals. The records achieved in 2015 shows the great efforts done and that we are developing well. Together we work to achieve our goals, and with our values Safe, Engaged, Innovative and Credible, we will build a corporate culture where we can achieve even more records in the future.



Charles Høstlund
CEO



*Central to our business is our corporate values.
Our employees show great commitment in their work
and they are known for their positive attitude to both
products and customers.*

A teal-colored wavy shape, resembling a stylized flag or banner, containing the word "Safe".

Safe

A teal-colored wavy shape, resembling a stylized flag or banner, containing the word "Engaged".

Engaged

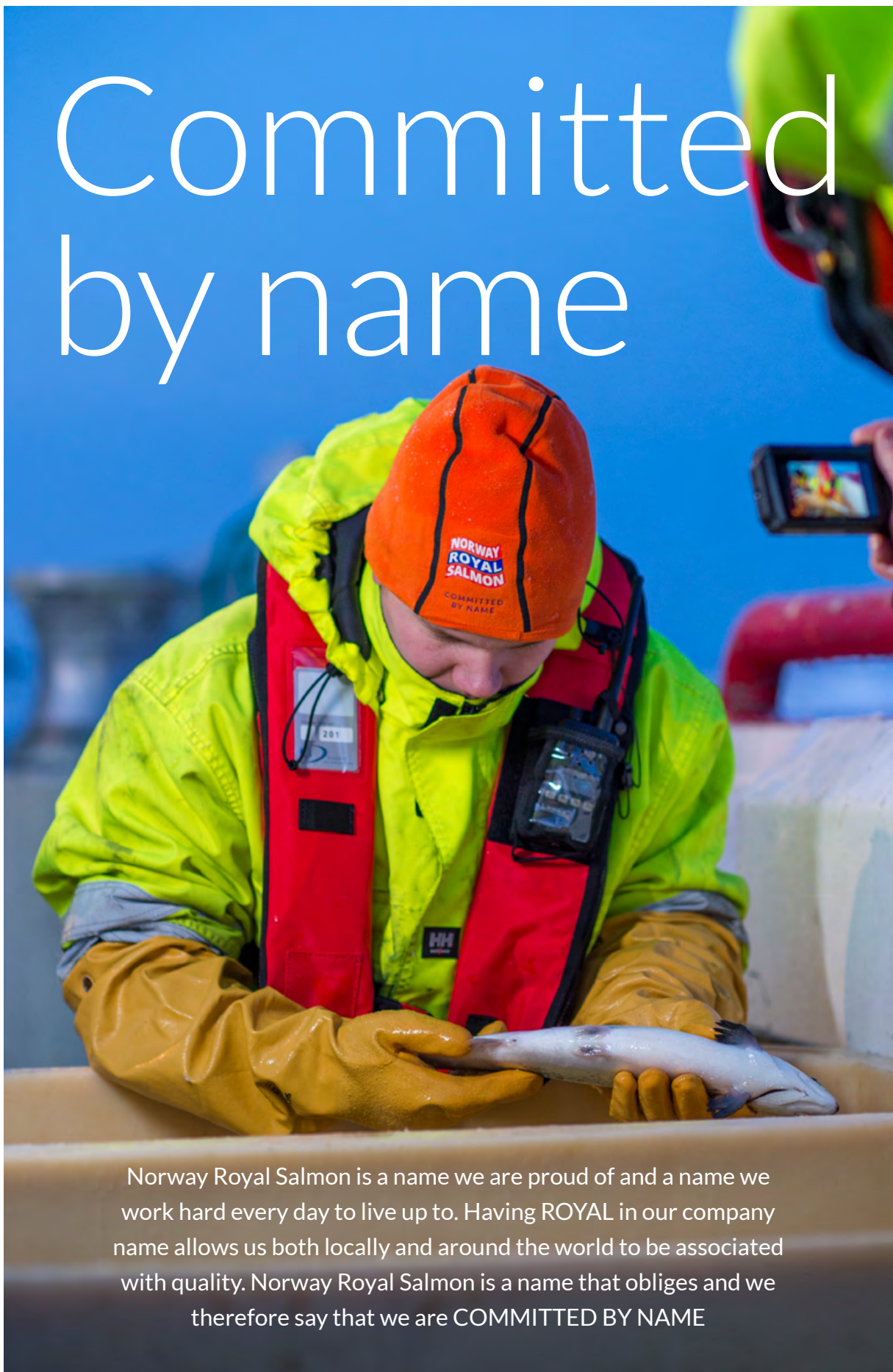
A teal-colored wavy shape, resembling a stylized flag or banner, containing the word "Credible".

Credible

A teal-colored wavy shape, resembling a stylized flag or banner, containing the word "Innovative".

Innovative

Committed by name



Norway Royal Salmon is a name we are proud of and a name we work hard every day to live up to. Having ROYAL in our company name allows us both locally and around the world to be associated with quality. Norway Royal Salmon is a name that obliges and we therefore say that we are COMMITTED BY NAME



Important Strategic milestones

- 1992 // Norway Royal Salmon AS was founded by 34 fish farming companies as a sales and marketing company for farmed salmon
- 1996–
2004 // Purchase of major shareholdings in various aquaculture companies
- 2006 // Private placement in which the company raised gross proceeds of NOK 50 million
- 2007 // Acquisition resulting in 100 % ownership of Feøy Fiskeoppdrett AS and Åmøy Fiskeoppdrett AS (companies merged into NRS Feøy AS in 2009)
- 2007 // Acquisition resulting in 82.5 % ownership of Nor Seafood AS
- 2008 // Private placement in which the company raised gross proceeds of NOK 100 million
- 2008 // Acquisition resulting in 100 % ownership of Altafjord Laks AS
- 2008 // Acquisition resulting in 76.24 % ownership of AS Tri and Salmo Arctica AS (merged into AS Tri in 2009)
- 2008 // Acquisition resulting in 37.5 % ownership of Wilsgård Fiskeoppdrett AS
- 2009 // Acquisition resulting in 100 % ownership of AS Brilliant Fiskeoppdrett (merged into NRS Feøy AS in 2010)
- 2009 // Awarded 4 new licenses
- 2010 // Acquisition resulting in 66.67 % ownership of Nord Senja Laks AS
- 2010 // Bought out remaining minority interests in AS Tri. AS Tri simultaneously merged with Altafjord Laks AS under the name NRS Finnmark AS
- 2010 // Acquisition resulting in 27.65 % ownership of Ranfjord Fiskeprodukter AS
- 2010 // The company converted from a private to a public limited liability company. The new company name is Norway Royal Salmon ASA
- 2011 // Public offering in which the company raised gross proceeds of NOK 46.1 million
- 2011 // Norway Royal Salmon ASA listed on Oslo Stock exchange
- 2012 // Private placement and sale of treasury shares in which the company raised gross proceeds of NOK 43.4 million
- 2012 // Acquisition resulting in 37.75 % ownership of Ranfjord Fiskeprodukter AS
- 2014 // Awarded 10 new green licenses
- 2016 // Acquisition resulting in 100 % ownership of Nord Senja Laks AS

Key figures

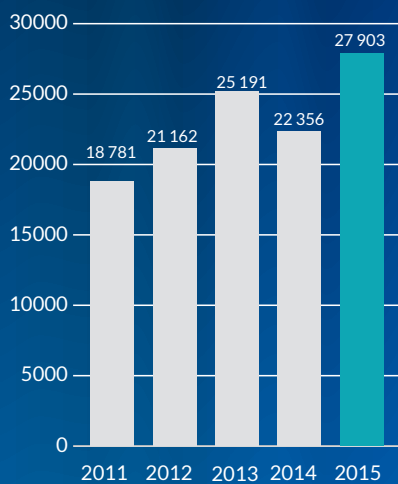
(NOK 1 000)	2015	2014	2013
Operating revenue	3 210 548	2 599 799	2 603 712
Volume sold (tonnes)	69 971	59 110	62 141
Volume of own fish harvested (tonnes gutted weight)	27 903	22 356	25 191
Operational EBITDA ¹⁾	255 591	199 475	289 729
Operational EBIT ¹⁾	201 894	158 064	256 002
EBIT	249 065	242 656	379 561
EBT	270 081	320 706	396 292
Result for the year	237 582	268 283	315 805
EBITDA margin ¹⁾	8.0 %	7.7 %	11.1 %
Operational EBIT margin ¹⁾	6.3 %	6.1 %	9.8 %
ROACE ²⁾	15.4 %	13.7 %	25.3 %
Operational EBIT per kg ³⁾	9.64	9.98	11.12
Book value of biological assets	829 928	808 674	639 238
Total capital	2 870 245	2 599 462	2 051 612
Net interest bearing debt	498 541	639 383	453 883
Book equity	1 186 519	1 013 907	868 989
Equity ratio %	41.3 %	39.0 %	42.4 %
Net cash flow from operating activities	340 196	95 455	211 835
Net cash flow from investing activities	-107 435	-162 363	-24 348
Earnings per share	5.28	5.85	6.96
Number of shares as at 31 December	43 572 191	43 572 191	43 572 191
Number of employees (full-time equivalents)	132	129	114

1) Before fair value adjustments, income from associates and gain on financial instruments

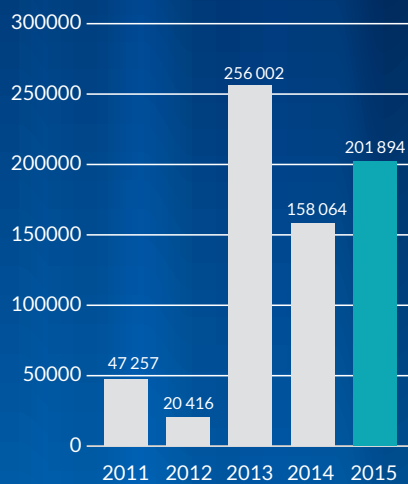
2) Return on average capital employed based on 4 quarters rolling EBIT aligned for fair value adjustments / average (NIBD + Equity - Financial assets)

3) Operational EBIT for segments farming and sales

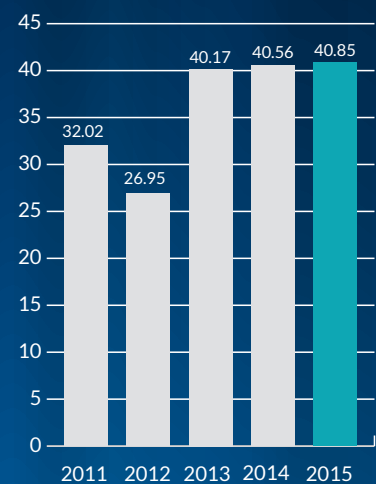
Harvested volume HOG
(tonnes)



Operational EBIT
(NOK 1 000)



Salmon price
(Nasdaq/NOK)





Highlights 2015

Distributed dividend

In June Norway Royal Salmon distributed an ordinary dividend of NOK 1.50 per share.

ISA detected at two sites in Region North

In the third quarter, the fish disease ISA was detected at two sites. The reason for the disease was infected smolts received from a smolt supplier. The biomass at both sites was destroyed shortly after detection. A non-recurring cost of NOK 25.0 million was recognized because of the incident.

Verdict against Nord Senja Laks AS

The Senja District court passed a sentence on October 19, 2015 in a criminal case against Nord Senja Laks AS. Nord Senja Laks AS was sentenced to pay a fine of NOK 5.0 million and confiscation of NOK 0.4 million. Nord Senja Laks AS was not sentenced to loss of licenses. Including legal costs, the verdict resulted in a non-recurring cost in 2015 of NOK 6.3 million. Økokrim has filed a notice of appeal in the case.

Record high harvesting volume

The fish farming operations harvested 27 903 tonnes in 2015.

Record high sales volume

The trading operations sold 69 971 tonnes in 2015.

Global Gap Certification

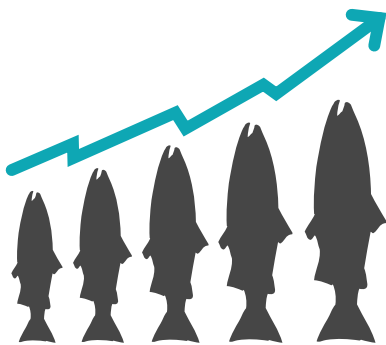
All the sites at all the farming companies of Norway Royal Salmon are now Global Gap Certified.

ASC-certification

Norway Royal salmon had its two first sites certified after the Aquaculture Stewardship Council (ASC) standard. Another 5 sites were certified in February 2016. 7 out of 12 sites in NRS Finnmark are now certified.

Strategy

In the next five years, Norway Royal Salmon will develop:



...into Norway's most profitable salmon company



...from a mid-size to a large salmon company



COMMITTED
BY NAME

...by becoming a
preferred employer



...through sustainable
growth

Norway Royal Salmon

– an integrated fish farming company

Since the company was founded in 1992, Norway Royal Salmon (NRS) has developed from a sales and marketing company for farmed salmon into an integrated seafood company. The Group is now a fish farming company with activities in two main segments: salmon farming and sales. In 2015, the Group's farming operation harvested 27 903 tonnes of fish, while the sales organisation sold almost 70 000 tonnes of salmon.

In addition to the sales organisation, the Group currently has four subsidiaries that own a total of 35 licences, of which 10 green licenses was awarded in 2014. The Group also holds minority interests in seven companies, three of which are fish farming companies with a total of ten licences between them. There are also three harvesting plants and two smolt companies among these companies. The Group is thus involved in almost all links of the value chain, from smolt and salmon production, through harvesting and on to sales and marketing.

Fish farming value chain



Juveniles/Smolt

- » Smolt supply secured through long term agreements and associated companies
- » 37.75 % ownership in Ranfjorden Fiskeprodukter AS
- » 30 % ownership in Skardalen Settefisk AS, co-owned with Wilsgård Fiskeoppdrett AS

Ongrowing/ marine production

- » 35 licenses, 29 in Region North, 6 in Region South
- » Harvest volume 2015 ~27 900 GWT
- » Harvest volume 2016E ~27 500 GWT
- » 10 partly owned licenses through associated companies

Primary processing

- » 100 % secured harvesting capacity
- » Harvesting agreement for the production in Finnmark
- » Ownership in Wilsgård Fiskeoppdrett that harvest the production in Troms
- » Ownership in Hardanger Fiskeforedling AS and in Espevær Laks AS that harvest the production in Region South

Sales & marketing

- » Sales from external farmers, associated companies and subsidiaries
- » Sale of fresh and frozen salmon and trout
- » Sold 70 000 tonnes in 2015
- » 91 % export to 51 countries in 2015

Fish farming – situated in attractive areas

In 2006, the Group made a strategic decision to set itself up as a fish farmer, and from 2007 fish farming has been a part of the Group's activities. The fish farming operations comprise the farming of salmon and the associated harvesting activities.

The Group has 35 licences for edible fish production. 27 903 tonnes were harvested in 2015 –an increase of 25 per cent from the previous year. After NRS was awarded 10 green licenses at the end of 2014, estimated capacity is approximately 45 000 tonnes. The criteria for the allocation of the licenses are to establish a production that reduces the extent of sea lice, and reduce the risk of impact on wild salmon as a result of escapes. The future growth of the aquaculture industry will be through sustainable solutions. The green licenses are a game changer for Norway Royal Salmon towards a more sustainable development. After the allocation, Norway Royal Salmon have 35 concessions, resulting in an increased production capacity of 40 per cent. Around 85 per cent of the production capacity is located in Region North that has the best conditions for farming activities, both concerning profitability and future growth.

ASC (Aquaculture Stewardship Council)-standard

ASC (Aquaculture Stewardship Council) is an environmental standard negotiated with WWF. It sets strict standards for how fish are produced and requires documentation of laws and regulations, animal diversity, animal welfare, genetic integrity of wild populations, responsible feed, control of fish diseases, socially responsible production of fish, good relations with neighbours and that our suppliers meet critical and essential criteria in the standard. ASC certified fish are fish that are produced in an extremely responsible and sustainable way according to very strict requirements. 7 out of 12 sites in Finnmark are presently ASC-certified.



NRS aims to be one of the leading ASC certified salmon companies in the world. Our objectives is to meet the growing demand for salmon while minimizing environmental and social impacts of salmon farming. In a few years most of Norway Royal Salmon's production will be ASC-certified.

The Group's growth from 2010 to 2016 through utilisation of capacity in the existing licences is illustrated in the table below:

	Region North	Region South	Total	Harvest volume growth (%)
Licenses *	29	6	35	
Harvest volume 2010 (HoG)	6 000	4 677	10 677	
Harvest volume 2011 (HoG)	12 871	5 910	18 781	76 %
Harvest volume 2012 (HoG)	13 944	7 218	21 162	13 %
Harvest volume 2013 (HoG)	20 491	4 700	25 191	19 %
Harvest volume 2014 (HoG)	17 987	4 369	22 356	-11 %
Harvest volume 2015 (HoG)	22 971	4 932	27 903	25 %
Harvest volume 2016e (HoG)	21 400	6 100	27 500	-1 %
Capacity	45 000		45 000	64 %

(*) Maximum allowable biomass (MAB) in the Northern Region is 945 tonnes per license and 780 tonnes per license in the Southern Region.

This map illustrates the administrative divisions of Northern Norway, highlighting the regions of North and South. The map shows the coastline of Norway, with various islands and fjords. Key locations marked include Tromsø, Senja, and the municipalities of Hammerfest, Kvaløya, and Alta. The map also shows the borders between the regions of North and South, with a dashed line indicating the boundary. The map is titled 'Region North' and 'Region South'.

The Group's fish farming activities are divided between two regions with a total of 35 licences: Region North and Region South.

Region North covers the business in West Finnmark and Troms. After being awarded 10 green licenses in 2014, the Group has 29 licences in the Region North. The region has been a priority area for growth by the Norwegian authorities in the last three allocations of new licenses. The harvest volume in this region in 2015 totalled 22 971 tonnes, compared to 17 987 tonnes in 2014. In West Finnmark, the group is represented by its subsidiary NRS Finnmark AS. NRS Finnmark has 19 licences for salmon farming. In 2015, NRS Finnmark harvested 16 848 tonnes of fish. The company is expected to harvest around 14 900 tonnes in 2016. NRS Finnmark is attractively located in an area with only limited





lice problems and PD. In addition, the area provides good conditions for fish farming on account of its water temperatures and limited algae growth on the nets, which translates into lower costs and profitable operations. 7 out of 12 sites at NRS Finnmark are ASC-certified.

The subsidiaries Nor Seafood AS and Nord Senja Laks AS constitute the activities in Troms. The two companies hold a total of ten salmon farming licences. Together with Wilsgård Fiskeoppdrett AS – of which the Group owns 37.5 per cent – these companies form a group that operates fifteen fish farming licences. Troms is also an attractive location with good conditions for fish farming. The Group's two companies in Troms harvested 6 123 tonnes in 2015. It is expected to harvest around 6 500 tonnes in 2016.

Region South

Region South is represented by the wholly owned subsidiary NRS Feøy AS. The company holds six licences in this region, and its activities are located in the border region between Hordaland and Rogaland. NRS holds a 33.5 per cent share of Hellesund Fiskeoppdrett AS which has production in Agder and owns three licences. 4 932 tonnes were harvested in the Region South in 2015. It is expected to harvest around 6 100 in 2016, an increase of 24 per cent on 2015. Region South has exemption from the requirement of having MAB zones based on counties. With a single MAB zone, the operations in Hordaland and Rogaland can be operated as one unit. This will result in smoother production.

Sales with international focus

Sales activities comprise the trading of salmon and trout. NRS has its own dedicated sales and marketing organisation that buys and sells farmed fish through a comprehensive network. In a competitive market, this ensures good access to high-quality fish from a network consisting of own subsidiaries, associates, chain members and external producers. The principal products are fresh and frozen salmon, which were sold to customers in 51 countries in 2015. Around 91 per cent of all the company's sales were made to the international market. Western Europe accounted for 70 per cent of the company's exports, while the remainder were sold to countries in Eastern Europe (8 per cent), Asia (21 per cent) and the USA (1 per cent).

Since its establishment, the sales turnover has increased steadily year after year. In 2015, the company sold 69 971 tonnes. A large share of the sales of fish come from the Group's fish farming operations (40 per cent in 2015).

The chain activities in NRS comprise a range of service offers intended to allow our partner producers to enjoy benefits of scale to which they would not otherwise have access. This applies, for example, to shared agreements about feed purchases as well as the implementation of legal requirements regarding quality work and food safety.

Volume sold in sales organisation



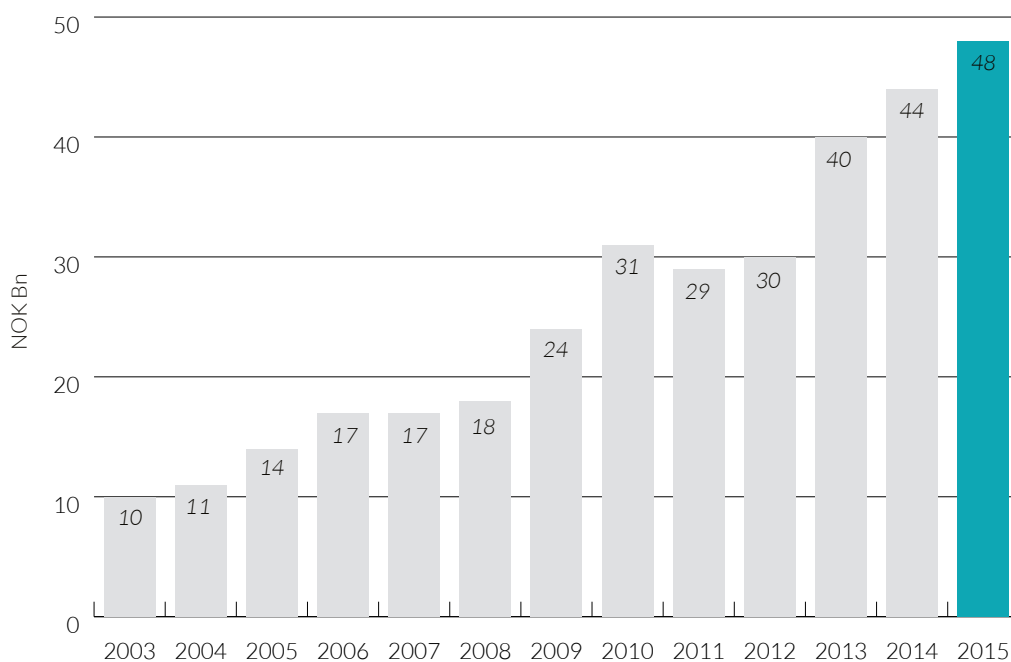
Another NOK 4 billion

increase in value of exports

2015 was another exciting year for Norway Royal Salmon and for the Norwegian salmon industry. The value of Norwegian salmon exports totalled NOK 47.7 billion, up a substantial NOK 3.9 billion from 2014. The export volume rose by 3.5 per cent to 1 190 854 tonnes (round weight). Prices rose by 4 per cent to NOK 40.10

per kg (FCA Norway's border, gutted weight). This is the highest volume and salmon price achieved in the last 25 years. Strong demand in most markets, except Russia and China, along with a weak Norwegian krone contributed greatly to the price and value increase in 2015.

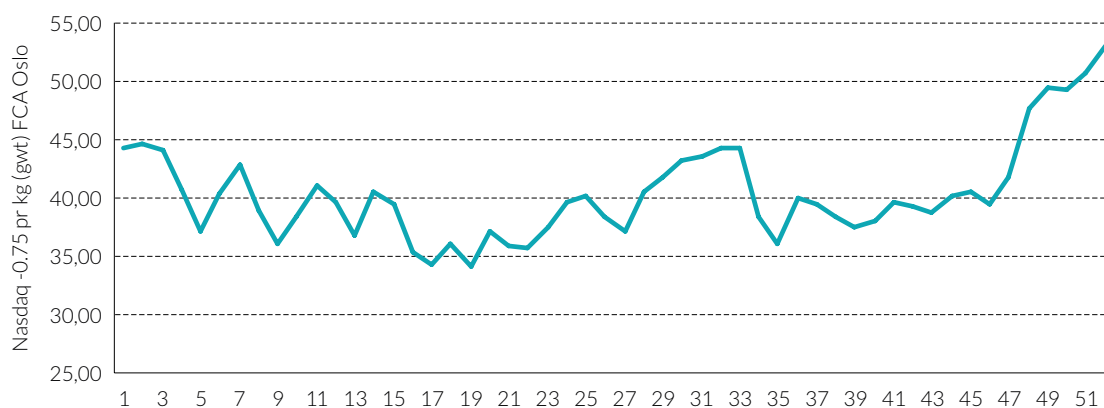
Export value of Norwegian farmed salmon



Prices fluctuated strongly in 2015. The highest prices came late in the year, in the beginning of the year and in July. Prices fell steadily from the start of the year until May because of increased harvesting volumes. The volume growth increased again towards the end of the year because of good growth, and accelerated harvesting caused by biological challenges in Central Norway. Despite the increase in supply, the prices increased towards the end of the year because of good demand and a weaker Norwegian krone.

In general, NRS experienced strong demand from the market throughout the year, even when the prices increase strongly at the end of the year. The average spot price (Nasdaq -0.75 FCA Oslo) came to NOK 40.41 per kg (gutted weight), a marginal increase from NOK 39.81 per kg achieved in 2014. The highest spot price, NOK 53.05 per kg, was noted during the last week of the year. The lowest price came in week 19, when the spot price stood at NOK 34.11 per kg. The difference between the year's highest and lowest prices was as much as NOK 19 per kg. The lowest price has not been as high as it was in 2015 for 20 years and the average prices throughout the year have never been as high as in 2015.

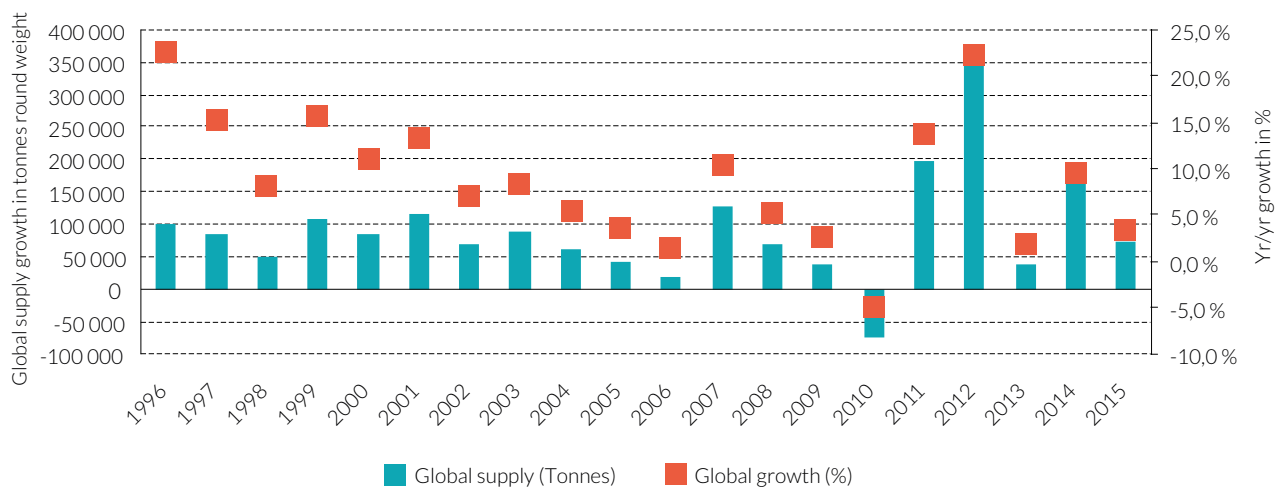
Salmon prices in 2015



Global supply grew by 3 per cent or more than 70,000 tonnes in 2015. At the same time prices rose, which indicates that demand for salmon was strong in 2015. Global supply growth was high at the start and end of the year, with a growth of 4.5 per cent in the first quarter and 6.6 per cent in the fourth quarter. A global growth rate of

3 per cent is slightly lower than average in recent years, and we believe the growth will be low in the years ahead. In 2016 we even believe in a decline of volumes globally. The figure below shows the development of global supply growth in tonnes and as a percentage.

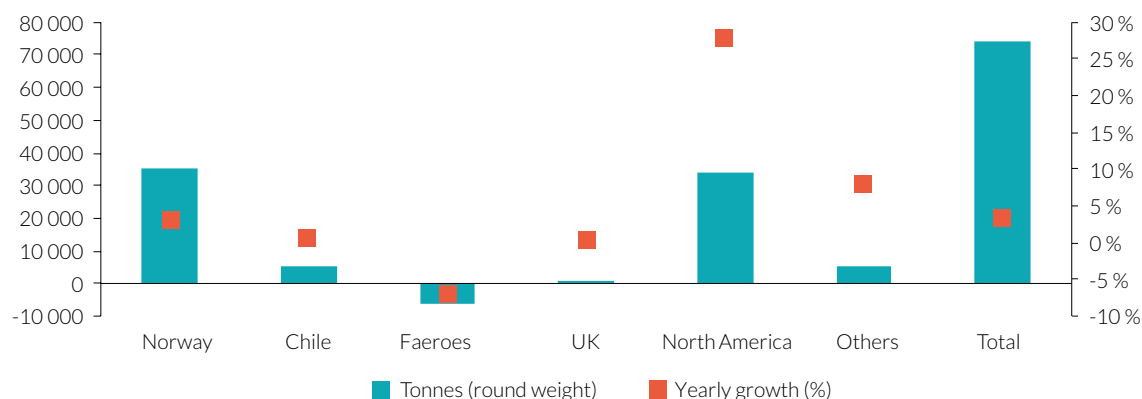
Global supply growth



The 3 per cent rise in global supply in 2015 is a consequence of a growth of 3 per cent in Norway and a substantial growth in North America by 28 per cent. As expected increased the volumes from Chile marginally in 2015. Harvest volumes increased with 35 000 tonnes (3.5 per cent) in Norway mainly because 6 per cent higher MAB in the beginning of the year and good growth caused by

favorable sea temperatures throughout the year, but also because of accelerated harvesting. The Central Norway region experienced greater biological challenges in the second half of 2015 due to increased sea lice levels and resistance in the treatment of lice. The Faeroes, UK and other producing countries had limited impact on growth in the global salmon market in 2015.

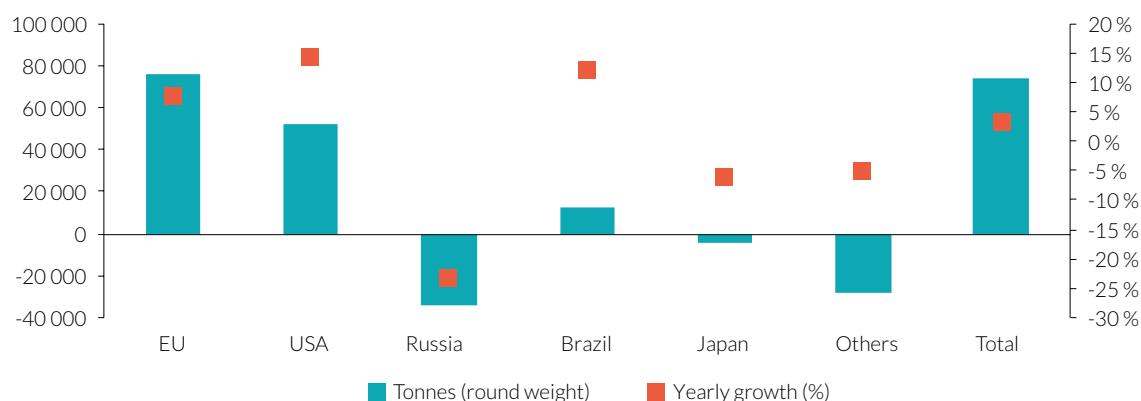
Demand growth in selected markets



The price level, sanctions and currency developments in 2015 has resulted in unequal growth in demand for salmon. Despite these factors, most markets experienced healthy growth and development during the year. Russia and Eastern Europe, as well as Japan are the regions that have reduced their purchases of salmon in 2015. In August 2014, Russia imposed an import ban on salmon from Norway and several European countries. At that time, Russia accounted for around 8 per cent of global consumption of salmon. Although Russia bought salmon from the Faroe Islands and Chile, the total volume of salmon has been greatly reduced. The political relations between Norway and China have not led to an improvement of trade between these countries. Although sanctions and political conditions affect trade volumes, it is gratifying to see that the industry has many

markets to work with. Demand in most countries within the EU and in the United States and Brazil showed a positive development in 2015. For the year 2015, both in terms of volume and value, the growth has been positive for most countries NRS and the Norwegian salmon industry trades with. The fact that customers spent more money on salmon in 2015 than in 2014 and that a weaker Norwegian krone improves the competitiveness of the Norwegian salmon industry is interpreted as a strong signal. 2015, once again, clearly demonstrated the industry and the markets' flexibility in relation to the flow of goods when trade barriers arise and exchange rates change significantly. The flexibility and the strong underlying market growth gives rise to a huge market potential for fresh Norwegian salmon in the coming years.

Global supply growth per producing country



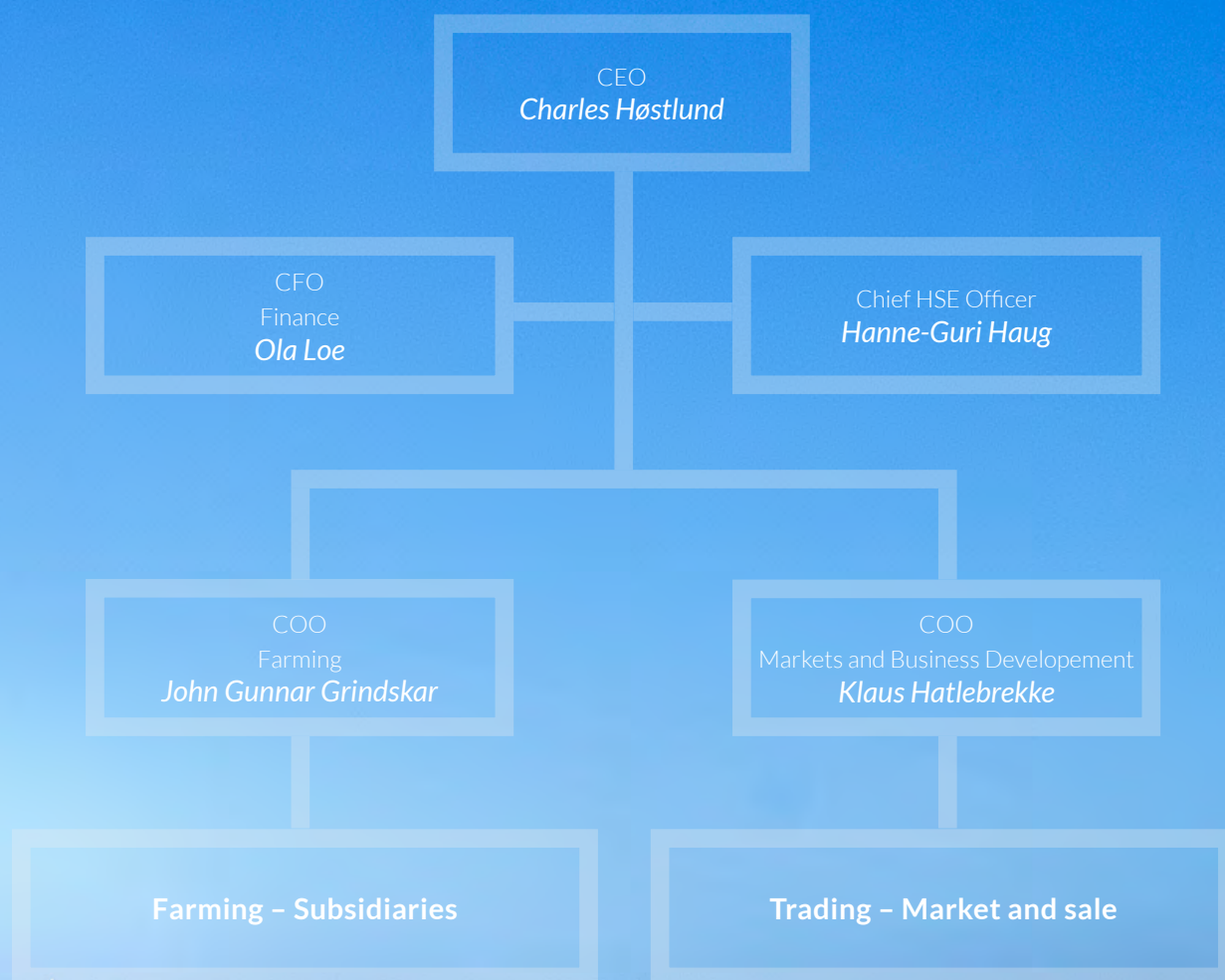
2015 has been another eventful year for NRS, as well as for Norwegian and global salmon industry. The underlying growth in demand is significant, and the salmon

industry today reaches a larger market than ever before. We believe this will give us substantial opportunities in the time ahead.

Organisation ASA

NRS's internal organisation reflects the Group's company structure. The organization of the group is divided into two main parts where all farming operations are gathered under one area of responsibility and all sales activities under another. This organisation clarifies the Group's main business, and enhances focus on and targeted development of these key areas.





Management



Charles Høstlund (1975)

Chief Executive Officer

Charles Høstlund has a Master's degree in fish health from the Norwegian College of Fishery Science and an MBA in Financial control and management from the Norwegian School of Economics and Business Administration (NHH). He has previously worked as Regional Director of Marine Harvest Norway Northern Region. He joined Norway Royal Salmon in October 2014. He resides in Drøbak, Norway.

Ola Loe (1966)

Chief Financial Officer

Ola Loe is a Certified Public Accountant from the Norwegian School of Economics and Business Administration (NHH). Prior to joining Norway Royal Salmon in February 2009, he worked as a senior manager at KPMG and as group auditor for Cermaq, Norway Pelagic, Fjord Seafood and Midnor Group. Mr. Loe resides in Trondheim, Norway.

Klaus Hatlebrekke (1974)

Chief Operating Officer Market and business development

Klaus Hatlebrekke holds a Master degree in Business and Economics from the Norwegian School of Management. Mr. Hatlebrekke was an analyst of the seafood sector at DnB Markets for more than 10 years. Hatlebrekke joined the Norway Royal Salmon in 2012. He resides in Trondheim, Norway.

John Gunnar Grindskar (1970)

Chief Operating Officer Farming

John Gunnar Grindskar is educated within aquaculture and has further education from the University of Bodø. He was previously head of production at Marine Harvest Norway Central Region. He joined Norway Royal Salmon in January 2015. Mr. Grindskar resides in Skaun, Norway.



Helge Gåsø (1961)
Chair

Helge Gåsø has extensive experience of the build-up, operation and development of fish farming businesses. He took part in building up Frøya Fiskeindustri, subsequently Hydro Seafood and Midnor Havbruk. He resides Hamarvik, Frøya in Norway.



Kristine Landmark (1954)
Vice Chair

Kristine Landmark holds a Master degree in Economics and Business Administration from the Norwegian School of Economics and Business Administration (NHH). She is the CEO of Slettvoll Møbler AS. She has extensive experience from the Stokke Group, where she was employed in the period 1989-2010, and served as CEO in the period 2004-2010. Ms. Landmark holds a number of directorships. She resides in Ålesund Norway.

The Board of Directors



Endre Glastad (1971)
Board member

Endre Glastad holds a Master of Economics and Business Administration from the Norwegian School of Economics and Business Administration (NHH). He is the CEO and largest shareholder of Glastad Holding AS. He is a professional investor in a number of businesses in Norway and abroad. He resides in Farsund, Norway.



Inge Kristoffersen (1942)
Board member

Inge Kristoffersen holds a Master degree in Economics and Business Administration from the Norwegian School of Management (BI). He is currently a board member of the family business Egil Kristoffersen & Sønner AS in Vesterålen, which operates six salmon farming licenses. He resides in Vesterålen, Norway.



Marianne E. Johnsen (1963)
Board member

Trude Olafsen is graduated Cand. Agric. within aquaculture from the Norwegian University of Life Sciences. She is employed in AKVA Group with the responsibility for business development. She has worked in various organizations in the seafood industry and within research/consulting, in addition to have held several elected positions in the industry. She resides in Trondheim, Norway.



Trude Olafsen (1963)
Board member

Marianne E. Johnsen graduated as a lawyer from University of Oslo before obtaining an MBA from Solvay Business School in Brussels. She is the founder and managing partner of X-lence Group AS, a management consulting and investment company. She has extensive experience from international executive positions, from among others Elkem, and holds a number of directorships in publicly listed companies. She resides in Oslo Norway.

Shareholder information

NRS had 1 079 shareholders at 31 December 2015 (970). The 20 largest shareholders owned 87.15 per cent of the shares at 31 December (87.50 per cent).

Share capital

Norway Royal Salmon ASA had 43 572 191 ordinary shares with a nominal value of NOK 1 per share at 31 December 2015. The company has only one share class, and each share has one vote. The company's shares are freely transferable.

Prevailing board authorities

At the company's ordinary general meeting 28 May 2015, the board was authorised to purchase treasury shares up to a total nominal value of NOK 4 357 219. The lowest and highest price that to be paid for the shares is NOK 1 and NOK 120 respectively. The authority remains valid until 30 June 2016.

At the company's ordinary general meeting 28 May 2015, the board was authorised to issue up to 4 357 219 shares with a nominal value of NOK 1.00 per share, which corresponded to 10 per cent of the share capital. The board mandate covers consideration of the acquisition of other companies and the raising of capital to strengthen the company's position. The authority remains valid until 30 June 2016.

Option schemes

An option scheme for the senior management was established. Currently 4 employees are included in the programme. Detailed information can be found in note 18 to the group's annual accounts.

Listing

Norway Royal Salmon ASA secured a listing on 29 March 2011. The shares are listed on the Oslo Stock Exchange under the ticker code NRS. They are registered in the Norwegian Central Security Depository, and SMN is registrar. The shares carry the securities number NO0010331838.

Share price development and liquidity

The share had a closing price at 31 December 2015 of NOK 80.00 per share. 7 491 069 shares were traded during the year (2015: 13 881 120). The NRS share price increased by 24 per cent during 2015. The main index at the Oslo Stock Exchange increased 5.9 per cent in the same period. The company's total market value at 31 December 2015 was NOK 3 480.1 million.

Financial Calendar ASA

- 16.02.2016 Presentation of preliminary annual results 2015
- 04.05.2016 Presentation Q1 2016
- 26.05.2016 Annual General Meeting 2016
- 24.08.2016 Presentation Q2 2016
- 09.11.2016 Presentation Q3 2016

Please note that the financial calendar may be subject to change. Changes will be communicated. For financial year 2015, the Board proposes to the Annual General Meeting that a dividend of NOK 2.60 per share is distributed. In 2015 an ordinary dividend of NOK 1.50 per share for the financial year 2014 was distributed.

ANALYST COVERAGE

Stockbroker	Phone
ABG Sunddal Collier	+ 47 22 01 61 60
Carnegie	+ 47 22 00 93 57
Danske Bank	+ 47 85 40 70 74
DNB Bank Markets	+ 47 24 16 90 79
Fondsfinans	+ 47 23 11 30 27
Handelsbanken	+ 47 22 39 72 99
Nordea Markets	+ 47 22 48 79 83
Norne Securities	+ 47 97 47 60 64
Pareto Securities	+ 47 24 13 21 15
SpareBank 1 Markets	+ 47 24 14 74 18
Swedbank	+ 47 23 23 82 78

Share price 2012/15

NOK

**Ownership structure – the 20 largest shareholders as of 31 December 2015:**

Shareholder	No. of shares	Shareholding
Gåsø Næringsutvikling AS	6 551 233	15.04 %
Glastad Invest AS	5 697 888	13.08 %
Egil Kristoffersen og Sønner AS	4 621 812	10.61 %
Sparebank 1 Markets AS	4 101 381	9.41 %
Havbruksinvest AS	3 661 268	8.40 %
Måsøval Eiendom AS	3 607 135	8.28 %
DNB Nor Markets, Aksjehand/Analyse	1 956 202	4.49 %
Hellesund Fiskeoppdrett AS	1 600 444	3.67 %
Nyhamn AS	1 170 092	2.69 %
Lovundlaks AS	1 038 272	2.38 %
The Northern Trust Co.	718 472	1.65 %
State Street Bank And Trust Co.	614 894	1.41 %
Wilsgård Fiskeoppdrett AS	486 627	1.12 %
Mp Pensjon PK	467 949	1.07 %
Jp Morgan Chase Bank, NA	429 094	0.98 %
Henden Fiskeindustri AS	280 316	0.64 %
Verdipapirfondet DnB Smb	250 000	0.57 %
Måsøval Fishfarm AS	249 413	0.57 %
State Street Bank and Trust Co.	243 737	0.56 %
Frewi AS	226 901	0.52 %

The share in 2015

Highest traded price	NOK	81,75
Lowest traded price	NOK	54,25
Share price at 31 December	NOK	80,00
Outstanding shares at 31 December	Number	43 501 306
Market value at 31 December	NOK	3 480 104 480

Corporate Governance

Norway Royal Salmon ASA (NRS) is listed on the Oslo Stock Exchange. The board and management of NRS review the company's corporate governance procedures each year in order to be able to allocate roles between shareholders, the board and general management in an optimal fashion. NRS comply with the Norwegian Code of Practice for Corporate Governance of 30 October 2014. The Code of Practice can be found on www.nues.no. The report below explains how NRS comply with the Code, and deviations from the Code are commented on.

1. Implementation and reporting on corporate governance

Sound corporate governance is based on clear and transparent relations between shareholders, the board of directors and company management. Effective corporate governance will underpin credibility and trust between all stakeholders, and provide a sound basis for value creation and robust financial performance. Norway Royal Salmon (NRS) attaches great importance to efficient corporate governance, and the company's corporate governance guidelines have been drawn up in accordance with the Norwegian Code of Practice for Corporate Governance. This statement is in accordance with Section 3-3b and 3-3c of the Norwegian Accounting Act, and follows the guidelines of the Norwegian Code of Practice for Corporate Governance (NUES). This statement is a part of the Board of Directors report and is in accordance with the Norwegian Public Companies Act § 5-6, 4 paragraph.

A discussion of the regulations and the Group's core values and Code of Conduct are displayed on the Group's website: www.norwayroyalsalmon.com.

2. Business

The company's object is to produce, process, sell and distribute farmed fish, and to invest in other companies in the seafood business, in addition to provide quality assurance and chain activities for partner companies.

The above is established in §3 of the company's Articles of Association.

The company's corporate values are;

Safe – We are a safe and secure workplace, where everyone helps each other.

Engaged – We are committed and solution oriented.

Innovative – We strive to be innovative, and constantly look for futuristic and sustainable solutions.

Credible – We will be honest and credible in all our behaviour

Norway Royal Salmon is a name we are proud of and a name we work hard every day to live up to. Having «ROYAL» in our company name allows us both locally and around the world to be associated with quality. Norway Royal Salmon is a name that obliges, and we therefore say that we are "Committed by name".

The board has adopted the following key strategic policies:

NRS shall develop

- To become Norway's most profitable salmon company
- From a mid-size to a big salmon farming company

Through

- Being a preferred employer
- Sustainable growth

The company's Articles of Association and core values can be viewed on the Group's website.

3. Equity and dividends

Equity

As of 31 December 2015 the Group's total equity amounted to NOK 1 186 519, which represented 41.3 per cent of its total assets. The board deems this satisfactory. The board shall maintain a level of equity commensurate with the company's objectives, strategy and risk profile.

Dividend policy

The company aims to provide a dividend level that reflects the company's value creation in the form of dividends and increases in the company's share price. Dividends should amount to at least 60 per cent of consolidated net profit, provided that the company's equity ratio is higher than 40 per cent and that the company's own capital requirements have been satisfied.

The Annual General Meeting sets the annual dividend based on a proposal from the board, which represents the maximum possible dividend. For financial year 2015, the Board proposes that a dividend of NOK 2.60 per share is distributed.

Capital increase

At the Annual General Meeting of 28 May 2015, the board was authorised to issue up to 4 357 219 shares with a nominal value of NOK 1.00 per share, which corresponded to 10 per cent of the share capital at the time of authorisation. This mandate allows the board to vary the preference rights on share subscription. The board mandate covers consideration of the acquisition of other companies and the raising of capital to strengthen the company's position. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2016.

Deviation from the Code: The board's authority to implement capital increases is formulated generally and not solely with regard to specific projects. The board believes it to be in the company's best interests to ensure that the board has a degree of latitude in this area.

Purchase of treasury shares

At the Annual General Meeting of 28 May 2015, the board was authorised to purchase up to 4,357,219 treasury shares with a nominal value of NOK 1.00, which corresponded to 10 per cent of the share capital at the time of authorisation. For acquisitions, the purchase price per share should be no lower than a nominal value of NOK 1, and no higher than NOK 120 per share. The board may choose the exact method of acquisition or sale. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2016.

4. Equal treatment of shareholders and related-party transactions

The company aims to ensure that all shareholders are treated equally. Shareholders shall not be subject to differential treatment unless such treatment is based on the company's or shareholders' common interest. The company's shares are freely transferable, and there are no restrictions on the purchase or sale of company shares over and above those pursuant to Norwegian law.

Share classes

The Group only has one class of share and the company's Articles of Association do not impose any restrictions with regard to voting rights. All shares confer the same rights.

Purchase/sale of treasury shares

The board's mandate to purchase treasury shares permits the board to choose the most appropriate acquisition method within a certain price range; however, in practice, the company sells and purchases treasury shares at market price.

Related-party transactions

Services were purchased from a company owned by the Chair in 2015. These services were purchased on market terms and conditions. Further information on the transactions is found in Note 27 to the consolidated financial statements.

Guidelines for board members and senior executives on conflicts of interest

Point 3.6 of the Group's Code of Conduct provides guidance on the conduct expected of board members and the Group's senior executives in situations involving conflicts of interest.

5. Freely negotiable shares

Norway Royal Salmon ASA's shares are freely negotiable, and the company's Articles of Association do not impose any restrictions in this regard. Norway Royal Salmon ASA is listed on the Oslo Stock Exchange.

6. General meetings

The shareholders exercise the ultimate authority in Norway Royal Salmon ASA through the general meeting, where the company's Articles of Association are adopted. The board makes arrangements to ensure that the general meeting is an effective forum for both the shareholders and the board.

Notice

All shareholders have the right to propose items for the agenda, and to participate, speak and vote at the general meeting, provided that their shareholding is entered in

the Norwegian Central Securities Depository (VPS). The Annual General Meeting is held within six months of the end of the accounting year, and in 2016 is scheduled for Thursday 26 May. The financial calendar is published as a stock market notification and on the company's website. The convening of the general meeting shall be notified in writing to all shareholders whose address is known, no later than 21 days before the meeting is due to be held. Notification, agenda documents, proposed resolutions, the Nomination Committee's justified nominations and registration and mandate forms, are made available to the shareholders on the company's website and as a stock market notification, no later than 21 days prior to the date of the meeting. In accordance with the company's Articles of Association, a shareholder may also contact the company and request despatch of documents relating to the items to be considered by the general meeting. Agenda documents shall contain all information required by shareholders to form a considered opinion on all items to be reviewed. All shareholders who are registered in the VPS receive notice of the meeting and have the right to propose motions and to vote directly or via proxy. Shareholders may register for the general meeting in writing or by post or email. Shareholders who are unable to attend in person may vote by proxy. An individual proxy is required for each item that is to be considered.

Implementation

The agenda is established by the board, where the main points are stated in § 8 of the Articles of Association. The Annual General Meeting shall approve the annual settlement and establish board members' fees. The general meeting elects a meeting chair. The Board Chair, the company's auditor and the company's management all participate in the general meeting. Minutes from the general meeting are publicised through stock exchange announcements and displayed on the Group's website, no less than 15 days after the meeting.

Deviation from the Code: According to the Code, the Board should make arrangements to ensure an independent chairman. There are no such procedures, and the company thus differs from the code on this point.

7. Nomination Committee

The structure of the Nomination Committee is established in the company's Articles of Association. Rules of procedure have been established for the committee's

work. The Nomination Committee's remit is to nominate board members to be elected by shareholders to the general meeting. The Board Chair shall be specifically nominated. The Nomination Committee also provides recommendations on fees paid to elected board members.

The members of the Nomination Committee shall be independent of the board and the administration, and the committee shall safeguard the interests of the shareholders. The Nomination Committee comprises three members: Martin Sivertsen (Committee Chair), Anne Breiby and Karl Olaf Jørgensen. No member of the Nomination Committee serves on the board, or performs any other honorary office with the company. All members are elected by the general meeting for a term of office of 2 years. The Nomination Committee proposes themselves new representatives to the Nomination Committee, which are elected by the general meeting.

The Nomination Committee shall report on its work and present its justified nominations to the general meeting. Nominations shall contain relevant information on the candidates, and shall justify how it safeguards the shareholders and company's interests. The Nomination Committee's proposed nominees shall be communicated to the company's administration no later than one month prior to the date of the general meeting.

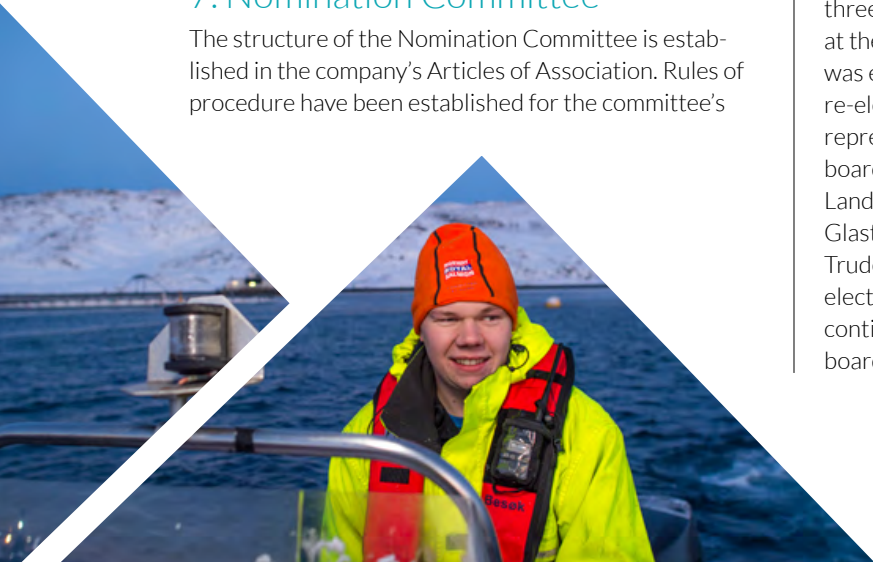
Information on the Nomination Committee and deadlines for the proposing of candidates to the board are displayed on the Group's website.

8. The board's composition and independence

Norway Royal Salmon ASA is not obliged to have a corporate assembly.

Election of the board and the composition of the board

The Nomination Committee proposes members to be elected to the board by shareholders at the general meeting. The general meeting elects all the board members, including the Chair. In accordance with the company's Articles of Association, the board comprises three to nine members. At the most recent election at the Annual General Meeting a new representative was elected, and three of the representatives were re-elected, after which the board comprised six representatives, all elected by the shareholders. The board currently comprises Helge Gåsø (Chair), Kristine Landmark (Vice Chair) and board members Endre Glastad, Inge Kristoffersen, Marianne E. Johnsen and Trude Olafsen. Board representatives are normally elected for a term of office of two years. To secure continuity of board work, the aim is to re-elect half of the board representatives at any one time each year.



The board's independence

Some board members are involved in other aquaculture companies on their own behalf and on behalf of other companies. Consequently, situations could arise where these companies could be in direct competition with NRS. More than two board members are independent of all general management, material business connections and major shareholders. Thus, as a whole, the board complies with the independence requirements laid down by the Code. None of the company's board members or senior executives is related by family.

Board competence and shareholdings

Board members' CVs and shareholdings in the company are discussed in the annual report and Notes to the financial statements.

9. The work of the board of directors

The board's duties

The board has overarching responsibility for the Group's administration and for monitoring general management and the Group's activities.

The board shall ensure that the company's operations are properly organised at all times by establishing overarching principles for the company's operation and development, including guaranteeing that the Group has sufficient funding and appropriately qualified personnel. The board shall ensure that the objectives adopted by the general meeting are implemented in practice. The board shall play a controlling as well as proactive role, and divide its work between strategic processes, control activities and providing consultancy for the CEO. The board shall keep itself informed of the company's financial position and has a duty to ensure that operations, accounting and asset management are subject to proper scrutiny.

Rules of procedure for the board

The board's rules of procedure were adopted at the board meeting of 11 May 2015. The rules cover the following areas: the board's remit, convening of and matters to be reviewed at meetings, the board's decisions, duty of confidentiality and incapacity, the board's self-assessment and the CEO's obligations to the board.

The Chair is responsible for ensuring that the board's work is performed in an efficient and proper manner, in accordance with the applicable legislation and rules of procedure adopted for the board. The board works in accordance with an annual plan.

Board committees

The board has resolved the establishment of a Nomination Committee. The board also established an Audit Committee and a Compensation Committee.

The Audit Committee comprises board members whose term of office is the same as that of board members elected by shareholders. The Audit Committee comprises Endre Glastad, Marianne E. Johnsen and Inge Kristoffersen. The members of the Audit Committee satisfy the requirements of independence and competence established in the Norwegian Public Limited Liability Companies Act. Rules of procedure have been drawn up for the Audit Committee's responsibilities and remit. The Audit Committee shall prepare matters for consideration by the board, and help to secure an increased focus on efficient risk management and effective financial reporting and follow-up. The external auditor attends most of the committee's meetings.

A Compensation Committee has been established to review matters relating to senior executives' remuneration. The Compensation Committee comprises Board Chair Helge Gåsø and Vice Chair Kristine Landmark.

Rules of procedure for the CEO

The CEO is responsible for the Group's operational management and management of the company's resources, and makes decisions on all items not requiring particular expertise and which naturally fall within the board's remit. The CEO shall also ensure that the consolidated financial statements comply with relevant legislation and regulations. The board appoints the CEO. The CEO's authority is established in separate rules of procedure adopted by the board.

Frequency of meetings

A minimum of six board meetings shall be held each year. Where required, extra board meetings are held to consider urgent items that need to be reviewed before the next board meeting. Eight board meetings were held in 2015.

Financial reporting

The board receives monthly reports on the company's financial performance and position. The administration presents and reports on the interim and annual financial statements.

The board's evaluation of its own work

The board assesses its business, working practices and competence each year. An assessment report is prepared and made available to the board and the Nomination Committee.

10. Risk management and internal control

Effective risk management and sound internal controls are critical to the successful performance of NRS, and form an integral part of the company's business operations. The ability to plan, structure, perform and evaluate

projects is a key area of the business. The management of the company's operations is based on predetermined financial targets.

Risks in Norway Royal Salmon ASA are divided into two main categories:

- Financial risks, which are trading risks based on underlying exposures, e.g. currency risks, credit risks, interest rate risks and liquidity risks.
- Operational risks mainly linked to the development of the salmon price, forces of nature, biological risks linked to the salmon farming operations and regulatory risk.

For further discussion of risk, a reference is made to the Board of Directors report included in the annual report.

Financial reporting in Norway Royal Salmon is an integrated part of the Group's corporate governance. Distinct roles, responsibilities and duties have been established. Requirements concerning content and deadlines, including accounting policies, checks and validations have been clearly defined. A key element in the financial reporting process is risk assessment.

All Group units report their financial statements monthly, based on a common chart of accounts. The accountant of the unit is responsible for the accuracy of the reported figures and that the financial reporting complies with the Group's accounting principles. In addition, general and analytical controls of the reported figures together with consolidation are performed at corporate level. The reports are analysed on group, company and project level by the group management. Reporting covers both financial and non-financial parameters. Focus is placed on profitability and risk within each business area, as well as environmental and social issues. Performance monitoring is given high priority, and measures are implemented in areas where results fall short of required levels. Disclosures are reported in connection with the quarterly and the annual reporting. Extended controls are carried out in the quarterly and the year-end reporting processes.

The Audit Committee monitors the financial reporting and the related internal control, including application of accounting principles and estimates in the financial reporting. The Group management and the Audit Committee have regular meetings with the external auditor present to discuss issues related to the financial reporting.

The purpose of risk management and internal controls is to manage risks associated with the business and to enhance the quality of financial reporting. Effective risk management and sound internal controls help to safeguard shareholders' investments and the company's assets. The board believes that NRS has a sound internal

control and risk management system, which is tailored to suit the needs of the business. The board's annual plan includes an annual review of the company's risk areas and internal control systems, as well as values and ethical guidelines.

The board reviews the company's financial status in the annual report. Individual elements of the company's risk management are laid down in the Group's internal control system, with which all employees are obliged to comply. These comprise a set of documents and procedures that are continuously monitored and updated, and where minutes of important failures of compliance are noted.

Ethical guidelines

The ethical guidelines describe Norway Royal Salmon ASA's commitment and requirements in connection with ethical issues. Norway Royal Salmon ASA will, in its business activities, comply with applicable laws and regulation and act in an ethical, sustainable and socially responsible manner. The ethical guidelines have been communicated to all employees.

11. Remuneration of the board of directors

The general meeting sets annual fees for board members based on the Nomination Committee's recommendations. Remuneration paid to the board is not performance-related, and no share options are issued to board members. The fee payable to board members shall reflect the board members' responsibilities, competence and time spent on the assignments in question, as well as the complexity of the business. Further information regarding board members' fees can be found in the Notes to the financial statements.

The Group Chair has performed services for the Group through his companies Fisketransport AS and Frøy Sjøtransport AS. The board is aware of these services, which are priced on market terms and conditions. The relationship is discussed in Note 27 to the consolidated financial statements.

Other information on fees and remuneration paid to the board is disclosed in Note 18 to the consolidated financial statements. Resolutions on fees are recorded in the minutes of the Annual General Meeting each year and are displayed on the company's website.

12. Remuneration paid to senior executives

The Board determines the principles applicable to the Group's policy for senior executive compensation. The Board is directly responsible for the determination of the

CEO's salary and other benefits. The CEO is responsible for the determination of the salary and other benefits for the Group's other senior executives. The Group's senior executives include the management team of the Group.

The following guidelines form the basis of the determination of compensation to the Group's senior executives:

- The total compensation offered to senior executives shall be competitive.
- The compensation shall be motivating, both for the individual and for the senior executives as a group.
- Variable elements in the total compensation shall be linked to the values generated by the Group for the shareholders.
- The system of compensation shall be understandable and meet general acceptance internally in the Group, among the Company's shareholders and with the public.
- The system of compensation shall be flexible and contain mechanisms which make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Group.

Remuneration of the Company's CEO and the executive management team is disclosed in the Annual Report note 18.

The Board prepares a statement in compliance with the Public Limited Liability Companies Act regarding remuneration of the executive management team for the consideration by the AGM.

The remuneration concept for the corporate executive staff consists of the following main elements:

- Fixed salaries
- Benefits in kind
- Pension
- Termination payment
- Bonus

For additional information on the different elements, reference is made to the Annual Report note 18.

13. Information and communication

NRS shall ensure that all shareholders receive accurate, clear, relevant and timely information relating to all matters of financial significance to shareholders. NRS publishes financial information on its website and in press releases. Interim and annual financial statements are published in both Norwegian and English.

The company shall provide investors and analysts with the best possible basis on which to gain an accurate picture of the company's financial position, key value drivers, risk factors and other matters that could affect future value creation. At the same time, the company's management shall endeavour to identify any guidance signals from the markets.

The company's financial calendar, providing details of the date of publication of important events like the Annual General Meeting, are publicised through stock exchange announcements and displayed on the company's website, along with a presentation of the company's interim financial reports and other important events.

The company nominates an official spokesperson for various matters. The Company's CEO and CFO are the company's spokespersons for the financial markets. An ongoing dialogue is maintained with investors and analysts. Importance is attached to identical and simultaneous information being provided to the equity market. All relevant information is presented on the company's website at the same time as it is notified to shareholders.

14. Take-overs

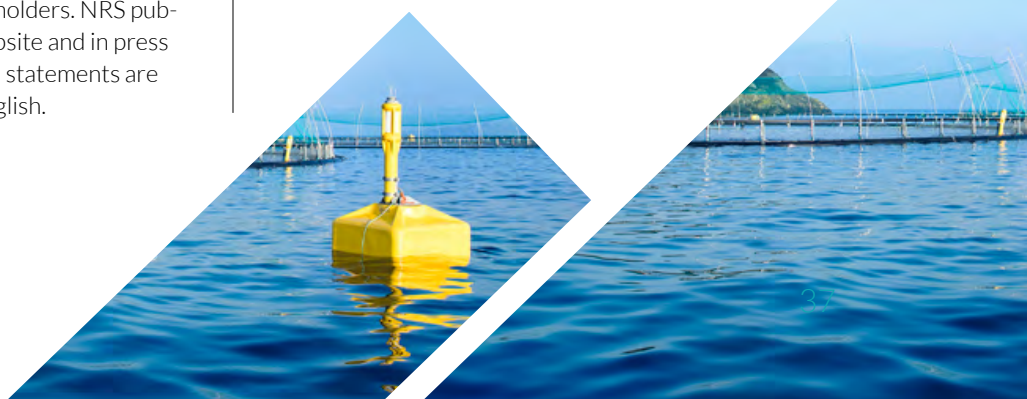
The board of directors will not seek to prevent or place obstacles in the way of any party who wishes to make an offer for the company's business or shares. If an offer is made for the company's shares, the board will issue a statement evaluating the offer and a recommendation to the shareholders on acceptance or non-acceptance. The board's statement will indicate whether the board is unanimous in its recommendation.

15. Auditor

Separate rules of procedure have been drawn up for the Audit Committee's work in relation to the auditor, together with guidelines on work extending beyond standard audit work performed by the external auditor.

The auditor participates in the board meetings that discuss the annual financial statements. Each year, the auditor presents the Audit Committee with an audit plan and a summary of the conducted audit, including a review of the company's internal controls.

The board informs the general meeting of the auditor's remuneration, allocated between auditing and other services.



The Board's statement

on establishment of salaries and other remuneration for senior executives at Norway Royal Salmon ASA

The board of Norway Royal Salmon ASA has a special Compensation Committee. The Compensation Committee advises the board on all matters concerning the company's remuneration paid to the CEO. The salary and other remuneration paid to the CEO must be approved by the board. The board must also approve any forms of remuneration which involve the issue of shares, subscription rights or options to senior executives.

Salaries and other remuneration paid to senior executives are set by the CEO. The board will have the final say in approving remuneration paid to other senior executives, and may lay down more detailed guidelines over and above what follows on remuneration for senior executives below. If the CEO wishes to offer remuneration to senior executives outside the scope of such detailed guidelines, this must be submitted to the board for approval.

1. Senior executives remuneration policy in 2015

In addition to their fixed salary, the following benefits were paid to Group management in 2015:

Yearly bonus

The CEO had a guaranteed bonus of TNOK 250 in 2014. The bonus was paid in 2015.

The other senior executives had a bonus scheme, which depended on goal achievement in several areas. Bonus did not exceed three months' salary.

Share-based incentive schemes

A new bonus scheme based on synthetic options was introduced for the Group management in 2014. The bonus scheme conferred the right to a cash bonus based on the price performance of the company's shares on the Oslo Stock Exchange. As of 31. December 2015 the scheme comprises 790 000 options and runs until 29. March 2018. In 2015, KNOK 6 564 was paid to the management in connection with the scheme.

Pension schemes

Norway Royal Salmon ASA has a defined-benefit pension scheme covering all the company's staff and Group management. Please see Note 19 for further information.

Notice period and severance pay

The CEO and the other senior executives are entitled under certain circumstances to one year's (CEO) and six months' severance pay respectively. Otherwise contracts that are based on the Norwegian working environment act apply.

Benefits in kind

The CEO receives a free company car. The new CEO has had an agreement on free housing in Trondheim. This agreement is per 31 December 2015 no longer in use. Apart from this, Group management also received benefits in kind such as free telephones, free Internet and free paper.

2. Principles on remuneration for the 2016 financial year

Remuneration paid to the CEO and other senior executives of the company are based on the following main principles.

Basic salary

The basic salary shall be based on job content, responsibility levels, competency and length of service. Salaries shall be competitive.

Annual bonus

Bonuses will be established and paid based on position levels and the added value staff or groups of staff have created. The CEO and other senior executives have a discretionary bonus scheme which is based on goal achievements in several areas. The bonus scheme may not exceed three months' salary.

Benefits in kind

The company shall not offer any benefits in kind other than those stated below: Company car. Otherwise, costs of newspapers, telephone and Internet access are covered for positions where such is normal practice.

Share-based incentive schemes

A bonus scheme based on synthetic options is introduced for Group management. The bonus scheme confers the right to a cash bonus based on the price performance of the company's shares on the Oslo Stock Exchange. As of 31. December 2015 the scheme comprises 790 000 options and runs until 29. March 2018.

Pension schemes

Norway Royal Salmon ASA has a defined-benefit pension scheme covering all the company's staff and Group

management. No members of Group management have any pension scheme other than that for the other staff.

Notice period and severance pay

The CEO and the other senior executives are entitled under certain circumstances to one year's (CEO) and six months' severance pay respectively. Otherwise contracts that are based on the Norwegian working environment act apply.

Other variable remuneration components

Other than as stated above, the company shall not offer its senior executives any variable remuneration components or particular benefits in addition to their basic salary.

Trondheim, 12 April 2016



Helge Gåsø
Chair



Kristine Landmark
Vice Chair



Endre Glastad



Inge Kristoffersen



Trude Olafsen



Marianne E. Johnsen



Charles Høstlund
Chief Executive Officer



Board of Directors report for 2015

Group operations and locations

Norway Royal Salmon's business is divided into two segments: Fish Farming and Sales. The head office is in Trondheim.

The Group's business idea is, through its proximity to production and a high level of professional competence, to supply the market with farmed fish products of a uniform standard and high quality. Efforts are made to sell all products under the Norway Royal Salmon brand name. The strategy of the Group is to run effective fish farming operations, as well as to sell the output of our own production and from our partners. Future growth in the Norwegian fish farming industry must be based on sustainable criteria. NRS wishes to be a leader in the effort to steer the industry in a more sustainable direction.

The Group's fish farming operations are divided into two regions. Region North comprises fish farms located in West Finnmark and on Senja in Troms and has 29 licenses. Region South comprises fish farms located in Hordaland and Rogaland and has 6 licenses. Sales operations are conducted from the company's two offices

in Trondheim and Kristiansand. In addition, the Group has shares in seven associates. Of these, three are fish farming companies with ten licences, two are harvesting companies, and two are hatcheries.

Highlights in 2015

2015 was another eventful year for Norway Royal Salmon characterised by high salmon prices, record high harvesting and sales volumes as well as good cash flows.

- The Group generated operating revenues of NOK 3 211 million, an operational EBIT of NOK 201.9 million and a result before tax of NOK 270.1 million.
- The farming operations achieved the highest harvesting volume in the history of NRS and harvested 27 903 tonnes in 2015, an increase of 25 per cent from last year. Region North produced 82 per cent of the harvest volume for the Group, while Region South produced 18 per cent.
- The sales operations achieved the highest sales volume in the history of NRS and sold almost 70 000 tonnes in 2015.

- The Group had a positive operational Cash Flow of NOK 340.2 million
- Recognised non-recurring cost of NOK 25.0 million as a result of destruction of fish at two sites in Region North with the fish disease ISA. The reason for the disease was that both sites had received infected smolts from the same smolt supplier.
- The Senja District court passed a sentence in a criminal case against Nord Senja Laks AS. Including legal costs the verdict resulted in a non-recurring cost NOK 6.3 million.
- All sites of the group are Global GAP certified.
- Two sites in Finnmark were ASC-certified in June 2015. Five other sites were certified in February 2016.
- The Board proposes a dividend of NOK 2.60 per share for 2015.

Sustainable focus and organic growth potential

Green licenses

In 2014, the subsidiaries of Norway Royal Salmon ASA awarded ten green licenses.

The criteria for the award of licenses were to establish a production that reduces the extent of sea lice and reduce the risk of impact on wild salmon because of escapes. After the nomination, Norway Royal Salmon has 35 licenses, which means an increased production capacity of 40 per cent. 85 per cent of the licenses are located in Region North, which has the best conditions for fish farming activities. The future growth of the aquaculture industry will be through sustainable solutions. The new licenses are a game changer and significant positive change for Norway Royal Salmon towards more sustainable development. Ahead, the company will have full focus on utilising the group's organic growth potential and sustainable production.

In this connection, have all our sites become Global Gap certified. In addition, dedicated efforts have been made towards getting the Group certified by the ASC (Aquaculture Stewardship Council) standard. It sets strict standards for how fish are produced and requires documentation of laws and regulations, animal diversity, animal welfare, genetic integrity of wild populations, responsible feed, control of fish diseases, socially responsible production of fish, good relations with neighbours and that our suppliers meet critical and essential criteria in the standard. ASC certified fish are fish that are produced in an extremely responsible and sustainable way according to very strict requirements

In June 2015, two sites were ASC certified. Another five sites were certified in February 2016. Seven out of twelve sites at NRS Finnmark are now certified.

Development licenses

Norway Royal Salmon ASA and Aker ASA (Aker) submitted an application for development licenses for the farming of salmon in March 2016. The companies have developed an offshore aquaculture farming concept that facilitates sustainable growth in areas that the aquaculture technology thus far has not been able to exploit.

NRS and Aker have an industrial ambition to combine knowledge from the aquaculture industry with offshore competence. Should the Directorate of Fisheries grant the development licenses, will a joint operation to develop the aquaculture farms of the future be established.

NRS and Aker have developed a semi-submersible offshore farm designed for harsh environments. By placing the farms further away from the coast, the concept increases the area utilization of Norwegian waters and will have a smaller environmental footprint. By combining NRS' aquaculture knowledge with Aker's long industrial experience in maritime enterprises, construction of offshore installations and fisheries, the objective is to further develop a profitable aquaculture industry and help solve the environmental and area scarcity challenges facing the industry.

The project involves the development of a new type of aquaculture farm with greater capacity to withstand harsh weather conditions. NRS/Aker are applying for 15 development permits in order to realise the concept and test the facility in Troms/Finnmark. These licenses will provide the economic foundation for carrying out significant investments in a future-oriented industry. NRS and Aker believe this industrial project will contribute to a new and groundbreaking standard and sustainable growth for the Norwegian aquaculture industry.

Financial performance

The income statement

Norway Royal Salmon generated a record high consolidated operating revenues of NOK 3 211 million in 2015, compared with NOK 2 600 million in 2014. Operational EBIT totalled NOK 201.9 million (2014: NOK 158.1 million). The Group had a consolidated operating result of NOK 249.1 million (2014: NOK 242.7 million). The Group's consolidated net result for the year totalled NOK 237.6 million (2014: NOK 268.3 million).

The reason for the increase in operational EBIT is mainly related to higher harvesting volumes.

The Group recognised NOK 22.8 million in share of the result from associates in 2015 (2014: NOK 27.1 million). The Group's associates harvested 8 945 tonnes in 2015, compared with 7 032 tonnes in 2014. The Group's share of the volume was 3 221 tonnes compared with 2 553 in

2014. In 2015, the Group had net interest expenses of NOK 24.0 million (2014: NOK 21.5 million).

Gain of financial assets in 2015 was MNOK 47.4 (2014: MNOK 100.3).

The parent company made a net result for the year of NOK 265.6 million in 2015 (2014: NOK 121.8 million). Operating result totalled NOK -9.3 million, compared with NOK -28.0 million in 2014. The volume sold by the parent company increased from 59 110 tonnes in 2014 to 69 971 tonnes in 2015. The increase in operating profits is due to higher margins, higher volumes and lower expensed provisions for doubtful receivables. The increase in the company's net result for the year is, in addition to a higher operational result, attributed to an increase in share of the profits from investments in subsidiaries and associates from NOK 143.6 million in 2014 to NOK 158.0 million in 2015, and that the parent company recognised a profit from realisation of TRS-agreements of NOK 120.5 million compared with NOK 5.1 million in 2014.

Fish Farming:

The fish farming business generated operating revenues of NOK 1 086 million in 2015 (2014: NOK 846 million), an increase of 28.4 per cent. The increase is due to the volume of fish harvested increasing by 24.8 per cent in 2015. The fish farming business harvested 27 903 tonnes in 2015, compared with 22 356 tonnes in 2014. Operational EBIT totalled NOK 242.5 million (2014: NOK 228.3 million), which amounts to NOK 8.69 per kg (2014: NOK 10.21). The increase in operating result was mainly due to higher harvest volumes. The fish farming business volume of biomass in the sea decreased by 1 130 tonnes from 23 537 tonnes at the start of the year to 22 407 tonnes at the close.

Region North generated operating revenues of NOK 892.6 million in 2015 (2014: NOK 683.1 million). The segment harvested 22 971 tonnes in 2015, compared with 17 987 tonnes the year before, an increase of 27.7 per cent. The Group has 29 fish farming licences in Region North, of which ten are in Senja in Troms and 19 in Western Finnmark. The segment made an operational EBIT of NOK 222.6 million (2014: NOK 209.4 million). Operational EBIT came to NOK 9.69 per kg harvested in 2015 (2014: NOK 11.64).

In 2015, Region South generated operating revenues of NOK 193.8 million (2014: NOK 163.1 million). The segment harvested 4 932 tonnes in 2015, compared with 4 369 tonnes the year before, an increase of 12.9 per cent. The Group operates six licences in Region South. The segment had an operational EBIT of NOK 19.8 million (2014: NOK 18.9 million). Operational EBIT came to NOK 4.02 per kg harvested in 2015 (2014: NOK 4.32).

Sales:

Sales' operating revenues increased from NOK 2 577.7 million in 2014 to NOK 3 171.3 million in 2015.

Increased prices and volume were the cause of the increase. The segment sold 69 971 tonnes during the year, compared with 59 110 tonnes the year before, an increase of 18.4 per cent. This is the highest volume the sales operations ever have sold. Sales had an operational EBIT of NOK 26.6 million in 2015 (2014: NOK -5.1 million), and a result before tax of NOK 53.0 million (2014: NOK -2.9 million). The sales operations operational EBIT increased due to higher prices, lower provisions for doubtful accounts than in 2014 as well as there were no fixed price contracts in 2015 (loss on fixed price contracts was NOK 10.3 million in 2014).

Balance sheet

At the close of 2015, the Group had total assets of NOK 2 870 million (2014: NOK 2 560 million).

The increase in total assets is due to changes in several balance sheet items. A total of NOK 122.8 million was invested in new operating assets during the year. The fair value of the biomass rose during the year from NOK 808.7 million to NOK 829.9 million. The increase in the value of the biomass is due to a higher biomass at cost of NOK 24.1 million, at the same time fair value adjustments decreased by NOK 2.8 million. The Group's biomass decreased by 1 129 tonnes to 22 407 tonnes at the end of the year. The financial assets of the Group increased by NOK 35.3 million, mainly as a result of positive results in associated companies. Accounts receivables increased by NOK 79.0 million because of higher turnover. Cash increased by NOK 138.8 million.

The Group's net interest bearing debt as at 31 December 2015 totalled NOK 498.5 million, compared with NOK 639.4 million at the close of the previous year. The decrease in interest bearing debt is mainly due to a positive operational EBITDA of NOK 255.6 million and a realised gain on TRS-agreements of NOK 120.5 million. Investments in fixed assets and licenses with NOK 212.8 million, as well as a dividend of NOK 65.4 million had the opposite effect.

The net increase in equity of NOK 172.6 million was mainly due to a positive total comprehensive income for the period of NOK 242.0 million, while paid dividend has reduced equity by NOK 65.4 million. At the close of 2015, the Group had an equity ratio of 41.3 per cent, compared with 39.0 per cent at the close of 2014.

The parent company's total assets stood at NOK 1 980.1 million at the close of the year (2014: NOK 1 448.6 million). Total financial assets increased by NOK 109.3 million from the end of 2014 due to positive results in subsidiaries and associated companies. Bank deposits increased as a result of received payments from

investments in financial assets of NOK 128.0 million and new long-term debt. At 31 December 2015, the parent company's equity ratio was 34.2 per cent (2014: 36.2 per cent).

Cash flow

The Group's cash flow from operating activities in 2015 was NOK 340.2 million (2014: NOK 95.5 million). The positive cash flow is mainly due to an EBITDA of NOK 255.6 million and change in other current assets and liabilities of MNOK 87.1 million.

Net cash outflows relating to investing activities in 2015 totalled NOK -107.4 million (2014: NOK -162.4 million). These are, for the most part, attributable to investments in operating assets of NOK 122.8 million, payment for nine new license of NOK 90.0 million and payments from investments in financial assets of NOK 128.0 million.

The Group had cash and cash equivalents at the close of the year of NOK 201.3 million (2014: NOK 61.5 million). At 31 December 2015, the Group had a net interest bearing debt of NOK 498.5 million (2014: NOK 639.4 million).

In 2015, the parent company had a positive cash flow from operating activities of NOK 156.9 million (2014: NOK -62.0 million). The positive cash flow is mainly a result of an increase in accounts payables and cash received of NOK 49.5 million from Fish Pool contracts. The realised profit from exercising TRS-agreements and dividend from subsidiaries and associated companies have resulted in a positive cash flow from investing activities of NOK 123.2 million (2014: NOK 125.3 million). New debt, payment of dividend, and interest payments resulted in a positive cash flow from financing activities of NOK 26.7 million (2014: NOK 85.0 million).

The total positive cash flow in 2015 of NOK 306.8 million has resulted in net bank deposits totalling NOK 628.8 million for the parent company at the close of the year.

Going concern

Norway Royal Salmon ASA's board of directors confirms that the year-end financial statements have been prepared on the basis that the enterprise is a going concern, in accordance with Section 3-3a of the Norwegian Accounting Act. This assessment rests on the Group's results, financial position and budgets.

Research and development

Norway Royal Salmon has a strong focus on biological production and fish welfare and has initiated or is participating in the following projects:

- Project in collaboration with Aker ASA to develop an offshore aquaculture farming concept that facilitates sustainable growth in areas that the aquaculture technology thus far has not been able to exploit. NRS and Aker has in relation to the project applied for 15 development licenses.
- Stress tests on salmon in cooperation with the University of Nordland. The purpose of the project is to identify and improve bottlenecks in production, which cause mortality or reduced quality of the salmon. The project ended in 2015.
- Commercial testing on triploid salmon in collaboration with MarinHelse AS and Havforskninginstituttet
- Internal project in collaboration with LetSea AS with operational optimization of triploid (sterile) salmon in Troms and Finnmark to reduce the environmental impacts of escapes.
- Internal sore project in collaboration with veterinarians and other experts to identify and enhance biology and operations in order to reduce mortality and spoilage. The project has through 2015 been in an intermediate phase where our localities began using assessment tools, and implemented measures to reduce the proportion of sores / winter sores. NRS has carried out coordinated feed cures showing good results so far. The project will be evaluated in 2016.
- Internal project with ice skirts in Finnmark, in order to reduce the load on the cages and nets due to icing. Showed promising results during the winter of 2015, continues in 2016.
- Internal project with lice-skirts and lumpfish, in order to reduce the use of medication in connection with treatment against sea lice.
- FHF project, measures to improve control of listeria in the salmon industry. Report published in 2015.
- FHF project, texture and fat in salmon fillets.
- FHF project, quality salmon.

Operational risk and risk management

Fish Farming

Risk will normally attach to the Group's business activities. The largest risks for Norway Royal Salmon are associated with the production of biological assets for human consumption.

The biological challenges will be related to smolt quality, mortality, disease, sea lice, parasites, algae blooms, low oxygen levels, fluctuations in sea temperatures and the quality of the fish harvested.

Although Norway Royal Salmon develops and implements sound routines for its own operations, the industry is such that it is important to coordinate much of this effort with other stakeholders in the various geographical locations in which we operate. The fish farming



operations management team is working continuously to follow up smolt and smolt suppliers to enhance smolt quality. We feel it is important to make active use of available fish health services to improve routines for the promotion of fish health and for disease prevention measures. All employees in the fish farming segment have attended fish welfare courses.

An assessment of all sites are continuously carried out to ensure that sites are optimal for the production of salmon.

Sites located in relatively open water have recently been put into operation, since these areas have favourable conditions for fish farming. This is demanding for both employees and equipment. The production facilities are constantly subjected to powerful natural forces, which represent a risk of damage to the equipment and subsequent risk of fish escaping. In the last years, Norway Royal Salmon has invested in new equipment of a high standard, which is capable of meeting our own and the public authorities' requirements with respect to fish escapes. In addition, the Group plans to increase the production of sterile fish in the coming years, so that if fish escapes it will not affect the genes of the wild salmon.

Risk management is a key aspect of the management team's duties. The Group has implemented routines and systems for the monitoring of risk factors in all business areas. Auditing the production facilities in accordance with the quality handbook and defined site standards will be strongly emphasised.

By the end of 2015 all sites are Global GAP certified. Norway Royal Salmon's goal is to implement the new standard Aquaculture Stewardship Council (ASC) by 2020. In 2015, two NRS sites were ASC-certified, and in February 2016, additional five sites were ASC-certified. ASC is a global standard for responsible aquaculture, which together with our green production will help to minimize the impacts on the environment and society. ASC is an environmental standard negotiated with WWF. It sets strict standards for how fish are produced and requires documentation of laws and regulations, animal diversity, animal welfare, genetic integrity of wild populations, responsible feed, control of fish diseases, socially responsible production of fish, good relations with neighbours and that our suppliers meet critical and essential criteria in the standard. ASC is an environmental standard negotiated with WWF. It sets strict standards for how fish are produced and requires documentation of laws and regulations, animal diversity, animal welfare, genetic integrity of wild populations, responsible feed, control of fish diseases, socially responsible production of fish, good relations with neighbours and that our suppliers meet critical and essential criteria in the standard.

There are risks related to obtain permits for new sites and permits for expansion of existing sites, as well as production requirements from public authorities. The group has risk in relation to licenses and demands from public authorities. This includes access to new sites and expansion of existing sites. For the group to continue its growth and improve the efficiency of production, NRS is dependent on getting new sites as well as being able to expand existing sites. The Group also depends on getting predictable terms and permission for production. Divergent views on production criteria in various administrative agencies may, have a material impact on NRS' production. NRS seeks to reduce this risk by continuous dialogue with the various relevant administrative bodies.

NRS experiences challenges in getting approval for the release of the planned numbers of triploid salmon to sea in 2016. NRS is in a process with the Food Safety Authority for the approval of future smolt releases. A consequence of not getting the permission to release all smolts, approved for production in freshwater plants, will be lower growth than planned in 2016.

The Group's financial position and future development depends significantly on the price of salmon, which has historically been subject to significant fluctuations. Farmed salmon is a commodity, and it is therefore reasonable to assume that the market will continue to follow a cyclical pattern. The balance between the total supply and demand for salmon is a key parameter. Increased supply can cause prices to decline. This may have a significant impact on the company's profitability and liquidity.

Feed costs constitute a significant proportion of the total production cost of salmon and fluctuations in feed prices can therefore have a major impact on profitability. Feed prices are affected by the global market for fishmeal and marine-/animal-/vegetable oils and exchange rates. A small number of major global manufacturers dominates the feed industry. Natural constraints in the marine resource base can lead to global shortages of fishmeal and oil for feed production. Feed manufacturers have come a long way to replace some of the marine-based inputs with vegetable ingredients. This will reduce the risk of fluctuations in feed prices.

Sales

Operational risk in the sales segment is more limited than in the farming operations and includes; trade margins, contract risk and credit risk. We believe in positive sales growth in the coming years, but we might face challenges. Although the price of salmon has been volatile, the trade margins are normally not greatly affected. Margins are more influenced by the general competitive situation between farmers, exporters and customers. Economic downturns have normally affected the sale of salmon in a relatively small degree. However, a strong weakening of the economy in our key export

markets can have negative impact. It might result in lower sales and a price reduction in general, but also the risk of insolvency of some customers. The risk of the sales operations in regards to insolvency is limited, as most sales are covered by credit insurance.

The salmon industry has experienced trade barriers in several markets and over longer periods. Currently there are trade barriers in the trade with Russia and China. Significant changes and aggravating conditions as we saw against Russia in 2014 involves risks for the Group. The sanctions led to several of our Russian customers going bankrupt, which led to the loss of the deductible of the credit insurance. The sales operations sold fish to 51 countries in 2015 and such a sales spread limits this risk.

The sales operations are responsible for fixed price sales contracts. The main objective entering into sales contracts is to achieve rates that are favourable for the Group. In addition, the contracts reduce price movements for the Group. The contracts are usually entered for 3-12 months and normally constitute 0-40 per cent of the Group's own harvest in the subsequent three months. Contracts are bilateral against customers or financial against Fish Pool. The sales business enters into both financial purchase and sales contracts to hedge margins. The company enters only into contracts with solid and good counterparties.

Financial risk and risk management

The Group's financial risks include those relating to foreign exchange, interest rates, credit and liquidity. It is crucial that the Group constantly assesses its level of risk and which procedures to be implemented to reduce that risk to an acceptable level.

Foreign exchange risk

Around 91 per cent of the Group's sales are in foreign currencies, with the largest exposure being to the EUR, USD and GBP. The Group's exposure to exchange rate fluctuations is a major part of the business activities affecting the Group's cash flows and profits. In accordance with the Group's guidelines, the Group employs both forward contracts and borrows in foreign currencies to reduce its exposure to foreign exchange risk.

Interest rate risk

The Group's debt is in principle based on floating interest rates, which means that the Group is exposed to movements in interest rates. To reduce this risk, the Group has an interest rate swap agreement. NOK 100 million of the Group's debt are hedged through the swap agreement.

Credit risk

At any given time, the Group has substantial sums outstanding, with receivables distributed over several

different regions. To reduce this risk, trade receivables are monitored constantly, and it is the Group's policy to hedge its trade receivables through credit insurance and other hedging instruments.

Liquidity risk

Liquidity risk is a product of the Group's earnings, financial position and access to financing in the capital markets, and is defined as the risk that the Group will not be able to meet its day-to-day financial obligations. The largest single factor affecting liquidity risk is represented by fluctuations in the price of salmon. The Group has strengthened its financial position this year through a good total result of NOK 242 million. There are covenants associated with the Group's borrowings, which at the close of 2015 Norway Royal Salmon meet. Overall, the Group's liquidity risk is considered to be at an acceptable level.

Corporate Social Responsibility

Norway Royal Salmon conducts its business in a number of local authority areas and local communities. In several of these, the Group is a major employer. The aquaculture industry has a substantial ripple effect, with each full-time job creating the foundation for an additional 2.5 full-time jobs in ancillary businesses.

Salmon farming depends on good cooperation with local populations and authorities. It is important that our managers maintain an open dialogue with them and that we are perceived as serious and solutions-oriented. The aquaculture industry competes with other stakeholders for the attractive coastal areas. It is also important that efforts are made to establish a dialogue with these groups and to respect their views.

As a consequence of our businesses being a part of the local communities in which we operate, Norway Royal Salmon wishes to support local sports clubs and other voluntary organisations.

Norway Royal Salmon continually focus on compliance with guidelines and standards for areas located under corporate social responsibility.

The company's corporate values are;

Safe – We are a safe and secure workplace, where everyone helps each other.

Engaged – We are committed and solution oriented.

Innovative – We strive to be innovative, and constantly look for futuristic and sustainable solutions.

Credible – We will be honest and credible in all our behaviour.

This is reflected in the Group's ethical guidelines. The guidelines describe the goals and the requirements of Norway Royal Salmon related to the ethical issues.

Norway Royal Salmon shall comply with applicable laws and regulations, and in an ethical, sustainable and socially responsible manner. The guidelines have been communicated to all employees and are reviewed regularly.

Issues described below with regards to Corporate social responsibility:

- Anti-Corruption
- Employee rights and social issues
- Human rights
- The external environment

Anti-Corruption

Norway Royal Salmon has established the following anti-corruption principles:

Norway Royal Salmon shall strive for a culture of transparency in all areas concerning customer care, relationship building, sponsorships, gifts, entertainment, travel, etc. The Group's employees shall act in accordance with the Group's guidelines for giving and receiving gifts, travel and other benefits, and clearly denounce all forms of corruption.

All costs related to travel arrangements should be recognized transparent and correct, and be approved by a superior. The company always require dual approval when paying invoices.

Employee rights and social issues

The employees' efforts and contributions have been essential for Norway Royal Salmon having an effective operation in both the farming and sales business in 2015.

The Group is working hard to make sure it is able to recruit qualified personnel at all levels in the organisation. Particular emphasis is given to provide all employees with a good working environment, meaningful job content, and competitive employment terms. Part of the company's strategy is to be a preferred employer. Employee rights and social issues constitute a part of Norway Royal Salmon's Global GAP certification, a quality management system that is annually certified by a third party. All employees in Norway Royal Salmon have the right to freely choose which union they will be members of. At 31 December 2015, the Group had 130 full-time employees, 35 of whom are employed by the parent company Norway Royal Salmon ASA.

The aquaculture industry has traditionally been a male-dominated workplace. At 31 December 2015, women made up 22.7 per cent of the Group's workforce. The corresponding figure for Norway Royal Salmon ASA was 45.2 per cent. The Group management is entirely made up of men. Three of the six members of the Group's board of directors are women. The Group aims to be a workplace in which women and men enjoy

complete equality, and where there is no gender-based discrimination with respect to pay, promotion or recruitment. The Group aims to be a good workplace where there is no discrimination on the grounds of ethnicity, country of origin, colour, religious persuasion or reduced functional capacity. To clarify matters relating to the Group's employees, a new employee manual is under preparation.

The Group had a sickness absence rate of 4.0 per cent in 2015 (2014: 5.4 per cent). The corresponding figure for the parent company was 2.2 per cent in 2015 (2014: 1.7 per cent). Two injuries, which led to absence in 2015, have been registered, none of these were serious.

Focused HSE work is necessary to achieve a safe and efficient operation. Continuous efforts are made to firmly establish the importance of safety in all parts of the organisation. There is a close relationship between systematic HSE work and good value creation. In practice, this involves a number of priority areas for Norway Royal Salmon. Internally, continuous efforts are done to create a corporate culture where effective and preventive HSE work is one of the pillars. Precautionary - principles must permeate all decisions and activities. It also means that there is an active dialogue on various HSE issues in the various Work Environment Committees (AMU) and subsidiaries.

Effective and comprehensive risk management is central to the entire group. Good risk culture ensures compliance with procedures and rules, and is essential if risk management should be an integral part of its daily operations. The system is based on risk assessment of all operations and equipment, procedures, instructions and records. The systems undergo annual revisions based on an audit plan for each site and followed up through internal training in first aid, safety, and chemical management, and rescue exercises. A new electronic enhancement system (deviation system) to help capture undesirable events and improvement areas in health, safety and working environment has been established.

To strengthen HSE in the Group, Norway Royal Salmon have hired a HR/HMS manager in 2015.

In Norway Royal Salmon is HSE a line responsibility. This means that managers are responsible for initiating, planning and carrying out HSE activities as part of the daily operations. Each manager is responsible for that department meets industry regulations. The HR/HSE department is the organisation's specialist department and advisor within all HSE activities. Work Environment Committees (AMU) are organized in the subsidiaries that have over 50 employees, today it is only NRS Finnmark which has a separate AMU.

Norway Royal Salmon cooperates with an external

healthcare service, which, among other things, conducts annual safety inspections and health checks of employees based on scheduled activity plans. Norway Royal Salmon follow up employees on sick leave in accordance with public guidelines and requirements. All companies have a designated HSE-responsible employee. In the farming operations, a safety representative is also elected. All employees have been informed of the company policies for health, safety and working environment when hired. All policies are available on the company's internal control systems, both in electronic and written form. The safety systems are repeated for the employees annually.

To succeed with good HSE work it is important to build a good foundation, this is done by creating a culture where safety comes first and focus on training is essential. The HR/HSE department plans various activities ahead and there are expectations to the effects of these activities. To clarify all matters relating to the group's employees, a new employee handbook and a new manager handbook are under preparation. The HR/HSE function is an important support for managers and employees and will provide even better support in future. The work done by the department will help enhance the sense of achievement and competence among employees and managers.

Human Rights

Norway is currently affiliated with most relevant human rights conventions, incorporated into Norwegian law through the Human Rights Act. Norway Royal Salmon operates only in Norway and has not established its own guidelines regarding human rights in particular.

External environment

Norway Royal Salmon's farming operations are based on renewable resources and are located along the coast. Norway Royal Salmon's value chain is dependent on sustainability where natural resources are not consumed. This is a prerequisite so Norway Royal Salmon can continue to farm fish in a sustainable manner. The desire and need for long-term solutions are the foundation for the company's approach to environmental issues. Improved standards of living worldwide have sharpened the focus on the production of healthy and nutritious food. Seafood – especially fatty fish such as salmon – is considered particularly healthy. In a time of increased demand for seafood, Norway Royal Salmon is committed to contributing to sustainable development, with focus on food safety, the health and welfare of the fish, and protection of the environment and surroundings – along with the well-being and occupational health and safety of the employees. Customers, consumers and the company's employees are concerned about these factors. Norway Royal Salmon has set up a range of control and steering systems to protect the environment in and around the fish farming facilities. In order to achieve profitability in the short and long terms, sustainable operations are crucial to both the fish and the farmers.

Customer specifications, national standards, our own guidelines, and laws and regulations, provide a foundation for the fish farmers' efforts to deliver products that meet all needs and expectations in the markets in which we operate. Our suppliers' quality assurance systems are based on the philosophy of continuous improvement of both product and production process.

Global requirements

In Norway Royal Salmon, we have two main standards that we work to. These are GlobalGAP and Aquaculture Stewardship Council (ASC).

Global Gap

The work to maintain and develop a high, sustainable standard for the entire company is firmly based on the requirements laid down in the Global GAP standards. Global GAP, which is a non-governmental organisation, has set up a strict voluntary standard for producers and players in the fields of agriculture and aquaculture. The principal objective of the standard is to make it possible to document to consumers that the food has been generated with only minimal impact on the environment and surroundings. GlobalGAP lays down a solid base for high food safety, employee safety and the health and welfare of the fish. The main principles of the standard are risk assessment, environmental protection and good aquaculture procedures that minimize production influence on the environment, and global criteria for environment and employee health and safety. The latter, in addition to the local and national social responsibilities that exist are. Finally, the standard sets the criteria for how the welfare and health of the fish shall be ensured. The group has been awarded Global Gap-certificate on all sites.

In addition to Global GAP standards, Norway Royal Salmon abides by the following:

- The Norwegian Industry Standard for Fish (NBS 10-01): Quality grading of farmed salmon
- Norwegian Standard (NS 9401) Atlantic Salmon: Reference sampling for quality assessment
- Norwegian Standard (NS 9402) Atlantic Salmon: Colour and fat measurement



Aquaculture Stewardship Council (ASC)

ASC (Aquaculture Stewardship Council) is an environmental standard negotiated with WWF. It sets strict standards for how fish are produced and requires documentation of laws and regulations, animal diversity, animal welfare, genetic integrity of wild populations, responsible feed, control of fish diseases, socially responsible production of fish, good relations with neighbours and that our suppliers meet critical and essential criteria in the standard. ASC certified fish are fish that are produced in an extremely responsible and sustainable way according to very strict requirements.

Traceability and food safety

As Norway Royal Salmon is engaged in food production, the company is aware that significant risks may arise from any potential incidents that can affect consumer health and safety. Norway Royal Salmon considers that it has sufficient measures in place to mitigate this risk. Norway Royal Salmon provides customers with access to transparent documentation in the areas of traceability, feed and health registrations. Detailed information about the fish feed, the raw materials used in the feed, veterinary reports and other information relating to the physical and chemical aspects of the product or production process is available on request. Norway Royal Salmon uses modern traceability systems to ensure traceability. Norway Royal Salmon demands of feed suppliers that they have established systems for traceability. Norway Royal Salmon products comply with the Norwegian Industry Standard, our own internal quality standards and with our customers' specifications.

Food safety is safeguarded by using only legal and natural ingredients throughout the production process, by veterinary inspection of the production process and by keeping the production environment clean and healthy. Further protection is offered through the use of traceability information, by using only approved processing plants and by ensuring that hygiene and cleanliness are of the highest standard.

Fish health and welfare

The company focuses intently on creating good health and welfare conditions for the fish by applying established procedures and routines. This prevents illness and reduces mortality and demanding treatments in the wake of the outbreak of disease.

Fish should be allowed to express normal and natural behaviour, and in order to ensure welfare, farmers must support the "five freedoms" (as expressed in the Brambell Committee Report of 1965):

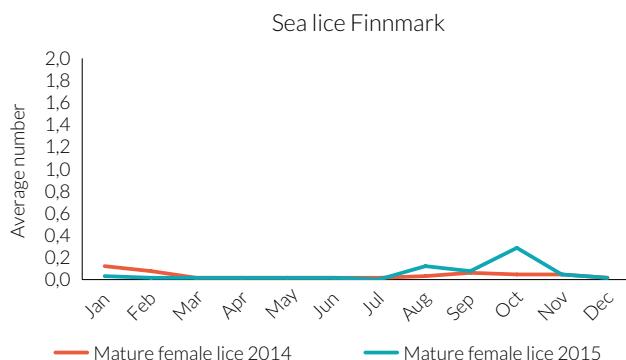
1. Freedom from thirst, hunger and malnutrition
2. Freedom from discomfort
3. Freedom from pain, injury or disease
4. Freedom to express natural behaviour
5. Freedom from fear and distress

Our farming strategy is to prevent diseases through the use of vaccination, cleaning fish, lice skirts and other natural means rather than to introduce treatments after outbreaks of diseases. Operational routines that contribute to maintaining control of the health situation in the cages are established and implemented. This includes close co-operation with veterinarians, good health care procedures, segregated fish generations, good water exchange, fallow periods, use of effective vaccines and well-qualified and skilled employees.

All farmers in the group co-operate with fish health services. If medicaments are necessary to keep up fish health levels, only approved medicaments prescribed by veterinarians are used. In accordance with Norwegian laws and regulations, veterinarians follow up all situations where prescriptions are involved. Records are kept of all use and reports are sent to the Norwegian Food Safety Authority.

Fish mortality

Fish mortality is a key indicator for evaluating fish health in farming. Reduced mortality is a key objective for Norway Royal Salmon. Mortality is monitored and reported weekly and monthly to the management and the board. The mortality rate amounted to 5.8 per cent of the number of fish in the sea at the beginning of the year and fish put in the sea during 2015. This is a decrease of 4.0 per cent from 2014. Overall mortality in 2015 was 13.7 per cent, of this represented the destruction of ISA infected fish 7.9 per cent. As a result of the ISA at the Kokelv site in NRS Finnmark and the Baltsfjord site in Nord Senja Laks total mortality in 2015 was 3.9 per cent higher than in 2014. The mortality rate in Region South was 5.8 per cent, while in Region North it was 15.5 per cent include the ISA-destruction and 5.7 without.



Sea lice

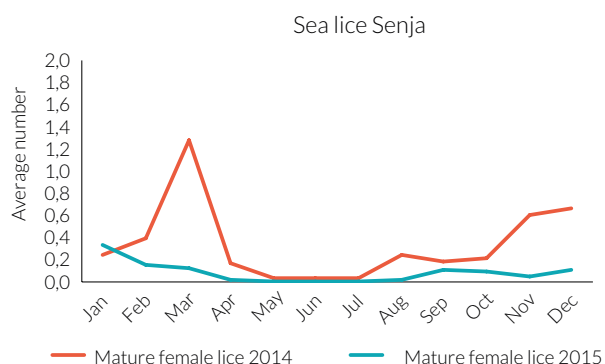
Sea lice have a negative impact on the salmon and weaken the fishes' immune systems. As well as compliance with counting and treatment strategies initiated by the authorities, the Group has developed its own plan for combating sea lice in all subsidiaries.

Our company in Finnmark had slightly higher levels of sea lice during the autumn of 2015 than in the same period in 2014. The remainder of the year the levels were low as they have historically always been.

In Troms in 2015 were the levels of sea lice far lower than the previous year, which is attributed to site use and fallowing, as well as the use of lice skirts and lumpfish. In Region South the challenges of sea lice in the first half of 2015 similar to the situation in the first half of 2014. In the latter half of 2015, the period of the year when there normally is major challenges in the area, the levels sea lice were far below historic levels of sea lice.

It will be important to focus on new technology and better use of current technology and medications to maintain a good status concerning sea lice. Norway Royal Salmon has conducted internal projects with lice-skirts, in order to reduce the use of medication in connection with treatment against sea lice. In connection with the application for green licenses, Norway Royal Salmon have conducted a number of other measures to reduce the use of drugs to treat sea lice, among others the use of lumpfish in Region North.

In 2015 lice-skirts were used at all units at 6 out of 8



sites where smolts were put in the sea during the year. In addition, lice-skirts were used on all units at the Skog site at Nord Senja Laks from January to the spring. This is a site with bigger fish. The sites have shown good results and we will expand the use of lice-skirts in the future.

Verdict against Nord Senja Laks AS

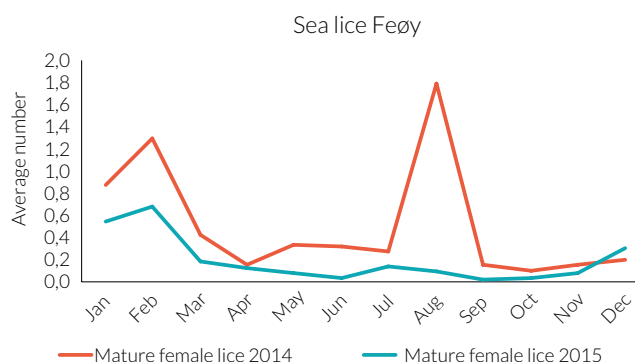
The Senja District court passed a sentence in a criminal case against Nord Senja Laks AS. The company was sentenced to pay a fine of NOK 5.0 million and confiscation of NOK 400 000. Nord Senja Laks AS was not sentenced to loss of licenses. Including legal costs the verdict resulted in a non-recurring cost of NOK 6.3 million. Økokrim has filed a notice of appeal regarding the fine and the decision not to sentence Nord Senja Laks to loss of licenses. Board look seriously at this matter, and the Group has full attention to comply with existing rules and regulations. The matter Nord Senja Laks was convicted of concerned incorrectly reported sea lice count in the period June 2012 to February 2013.

Emissions

All feeding systems are adapted to the fish's appetite. This prevents overfeeding. Emissions from farmed fish into the sea take the form of excrement and feed residues. These are biodegradable organic materials. Norway Royal Salmon has routines for monitoring this situation. Routine environmental tests are performed in accordance with the authorities' requirements. Furthermore, we perform additional tests to ensure that the impact of our sites does not exceed acceptable levels. Good currents and sustainability is in focus when the company plans sites. After completing the production cycle, the sites are fallowed for a period so that temporary changes in the seabed are reversed, this also provides the basis for good fish health. The average fallow period between production cycles is 8 weeks; which is the statutory requirement.

Medication

Fish, like all other animals, can be exposed to pathogen infection and become sick or be exposed to natural parasites. Prevention of diseases and sea lice infestation is a high priority area. Procedures, instructions, guidelines and plans for infection control and bio-security is



provided for personnel and use of equipment at all sites in the farming operations. The employees have been trained in these preventive activities. The ideal situation is that you do not have to use veterinary medications, but we are obliged to treat sick fish or fish that otherwise suffer. Any use of medication is decided and prescribed by authorised fish health personnel. The farming operations are associated with approved fish health services. Treatments, use of medication and measurement of the results of the treatments are recorded and evaluated with on-site fish health services. Norway Royal Salmon also work with screening programs to monitor the relevant pathogens, sea lice infestation, stress, sores, water quality, and work to increase the general knowledge at all levels of the organisation within these fields.

Vaccinations

Vaccination is used when it is considered effective for the particular species and in that district as an integral part of our preventive health measures. Examples of diseases that the fish is vaccinated against are IPN, PD, vibriosis and furunculosis.

Escapes

The escape of fish is unfortunate with respect to wild salmon populations. It is also unfortunate for the industry's reputation that fish escape. Neither in 2015 nor in 2014 had Norway Royal Salmon escapes.

We are working continuously with respect to staff training, and have reviewed and improved our routines to achieve the industry's zero vision. In 2014 and 2015 Norway Royal Salmon put sterile salmon in the sea. This as a measure to reduce any environmental impacts of escapes. In addition, nets with material characteristics that will help to reduce the risk of escapes are used. As a consequence of the allocation of green permits in 2014, NRS plans to put more sterile fish in the sea and use more nets with material characteristics that will help to reduce the risk of escape. Norway Royal Salmon also participated in a FHF project together with SINTEF and other parties to increase the quality of nets to prevent escape.

Transport, handling and slaughter

Transport can be stressful for fish, especially smolts; Norway Royal Salmon endeavors to ensure that transport is done without the fish being unduly stressed. Good fish health throughout the production cycle reduces the need for handling fish. Norway Royal Salmon has ensured that the harvesting plants use humane, fast and effective methods to ensure that the fish are exposed to as little pain and stress as possible when it is harvested.

Feed

Dependence on fish for feed is a challenge for a growing aquaculture industry. In recent years, have feed

producers lowered the marine content in their feed and spent significant resources to research «marine independence», necessary knowledge needed for further reductions in the future. The specific content of marine ingredients in feed varies depending on the price and availability of the different raw materials. However, it is the efficiency in the use of marine ingredients that really is relevant, more than the dependency on marine ingredients. Farmed salmon are known to be very efficient in their conversion of feed fish and by-products from seafood to healthy and nutritious farmed salmon. The fish feed is produced according to Norwegian and international laws, consistent with the requirements of sustainability and environmental regulations. Our feed suppliers Skretting AS, Biomar and EWOS AS are internationally certified. For more information on feed, feed ingredients and certifications, see www.skretting.no, www.biomar.com/NO/biomar-norge and www.ewos.no.

Fish feed for salmon is tailored to the needs of the fish that vary throughout their lifecycle. The raw materials for fish feed are procured according to strict specification in regard to nutritional content and undesirable foreign substances. As a fish farmer, we are constantly aware of the content of fish feed and the origins of the raw materials used to manufacture the feed. The ingredients in fish feed are also regularly analysed by the authorities

The share and shareholders

As at 31 December 2015, Norway Royal Salmon ASA had 43 572 191 shares divided between 1 079 shareholders. At the close of the year, the Group held 70 885 treasury shares. The share price at the end of the year was NOK 80.00 (2014: NOK 64.75).

Corporate Governance

The board and management of Norway Royal Salmon review the company's corporate governance policies annually in order to be able to allocate roles between shareholders, the board and general management in an optimal fashion. A presentation of these policies and how the Group stands in this respect, is included in a separate section of the annual report, in accordance with Section 3-3 b of the Norwegian Accounting Act.

The Board of Norway Royal Salmon ASA has adopted ethical guidelines for the Group. The purpose of the guidelines is to create a healthy business culture and uphold the Group's integrity by helping employees to set high standards for good business practice. The guidelines are further intended to serve as a tool for self-evaluation and to develop the Group's identity.

Market conditions and future outlook

2015 was another exiting year for Norway Royal Salmon and the Norwegian salmon industry. The value of Norwegian salmon exports was NOK 47.7 billion, a new record and an increase of NOK 3.9 billion from 2014. The export volumes rose by 4 per cent and was 1 190 489 tonnes (round weight) in 2015. The spot price (FCA Oslo) was NOK 40.06 per kg in 2015 (2014: NOK 38.11).

Mainly the prices rose because of a weaker Norwegian Krone and good demand. Without the Russian market, the exporters have worked hard to channel the fish to new markets. The loss of volume to Russia led to increased volumes to Western Europe, Asia and USA. The last 2 year has the production capacity been almost fully utilised and in the years ahead less volatile salmon prices are expected.

Norway Royal Salmon ASA sold record high 69 971 tonnes, an increase of 18 per cent. Most of this was fresh gutted salmon. The share of in-house produced salmon sold through the sales business totaled 40 per cent. Revenues were divided on 51 countries, of which 65 per cent were sold in Western Europe. Apart from this, the export was divided between Asia (16 per cent), USA (1 per cent) and Russia/Eastern Europe (8 per cent) while the rest was sold in Norway.

Production in Norway in 2016 is expected be 2 to 4 per cent lower than in 2015. At the same time, a reduction in volume Atlantic salmon from Chile and some growth from other smaller producer nations is expected, so that global volumes will be reduced by 4 to 6 per cent. This

decline in volume globally together with an underlying positive demand growth results in expectations of strong market prices for salmon. In the years after 2016 a limited growth is expected. The demand for salmon at the start of 2016 has been strong, both prices and volumes have been good so far in 2016. Our assessment is that there is a strong demand for salmon that will enable the market to consume the supply of salmon at high prices in 2016 as well.

Despite economic challenges in some regions in the world, especially in Eastern Europe, we believe in a positive sales development in most countries. Historically it has been shown that economic downturns normally do not weaken demand for salmon significantly. Salmon is now established as a nutritious and good alternative for consumers. The Norwegian Krone has been weak against most currencies and large currency fluctuations can affect the price level of salmon in Norwegian Kroner significantly. We mean the position Norway Royal Salmon has developed will make it possible for the Group to improve its market share in 2016.

Allocation of profit for the year

The parent company, Norway Royal Salmon ASA, made a net profit for the year of KNOK 265 644 in 2015. The Board of Directors proposes the following allocation of the net profit for the year:

Dividend	KNOK 113 288
To the reserve for valuation variances:	KNOK 106 573
Transferred to other equity:	KNOK 45 783
Total allocation of funds:	KNOK 265 644

Trondheim, 12 April 2016


Helge Gåsø
Chair


Kristine Landmark
Vice Chair


Endre Glastad


Inge Kristoffersen


Trude Olafsen


Marianne E. Johnsen


Charles Høstlund
Chief Executive Officer



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Consolidated income statement

(NOK 1 000)	Note	2015	2014
Operating revenues	2	3 210 548	2 599 799
Cost of materials		2 707 071	2 175 278
Personnel expenses	18,19	113 268	104 557
Depreciation	7	53 697	41 412
Other operating expenses	6,12,24,25	134 618	120 488
Total operating expenses		3 008 653	2 441 735
Operational EBIT		201 894	158 064
Fair value adjustments	14	24 416	57 456
Income from associates	10	22 754	27 136
Net operating result		249 065	242 656
Financial items			
Gain financial assets	16,20,26	47 404	100 262
Other interest income	20	882	935
Other financial income	20	26	418
Other interest expenses	20	-24 859	-22 434
Other financial expenses	20	-2 436	-1 130
Net financial items		21 016	78 051
Result before tax		270 081	320 706
Tax	13	-32 498	-52 422
Net result for the year		237 582	268 283
Profit attributable to:			
Owners of the parent company		229 633	254 348
Non-controlling interests		7 950	13 936
Net result for the year		237 582	268 284
Basic earnings per share (NOK)	22	5.28	5.85
Diluted earnings per share (NOK)	22	5.28	5.85

Notes 1 to 29 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(NOK 1 000)	Note	2015	2014
Net result for the year		237 582	268 283
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Cash flow hedges (net of tax)	16	-362	-18 306
Items not to be reclassified to profit or loss:			
Actuarial gains/losses on defined benefit plans	19	4 749	-6 665
Comprehensive income for the year		241 970	243 313
Comprehensive income attributable to:			
Owners of the parent company		234 020	229 377
Non-controlling interests		7 950	13 936
Comprehensive income for the year		241 970	243 313

Notes 1 to 29 are an integral part of these consolidated financial statements.

Consolidated balance sheet

ASSETS (NOK 1 000)	Note	31.12 2015	31.12 2014
Assets			
Non-current assets			
Intangible assets			
Licences	3,9	648 887	648 887
Total intangible assets		648 887	648 887
Property, plant and equipment			
Land, buildings and other real estate	7,9	12 866	12 746
Machinery and equipment	7,9	175 233	154 260
Boats and floating assets	7,9	157 106	115 178
Fixtures, office equipment, etc.	7,9	12 742	6 868
Total property, plant and equipment		357 948	289 052
Non-current financial assets			
Investments in associates	10	169 991	150 155
Investments in shares and shareholdings	15,26	395	1 895
Other long-term receivables	6,15,27	20 000	3 000
Total non-current financial assets		190 385	155 050
Total non-current assets		1 197 221	1 092 989
Current assets			
Inventory	23,9	40 630	40 270
Biological assets	5,9,14	829 928	808 674
Total inventory		870 559	848 944
Receivables			
Accounts receivables	6,9,15	500 689	421 691
Other short-term receivables	6,15,16	100 438	174 344
Total short-term receivables		601 126	596 035
Cash and cash equivalents	8,15,17	201 339	61 494
Total current assets		1 673 024	1 506 473
Total assets		2 870 245	2 599 462

Notes 1 to 29 are an integral part of these consolidated financial statements.

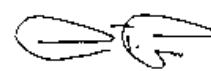
EQUITY AND LIABILITIES (NOK 1 000)	Note	31.12 2015	31.12 2014
Equity			
Share capital	21	43 572	43 572
Treasury shares	21	-71	-34
Retained earnings		1 070 287	905 587
Total equity attributable to owners of the parent company		1 113 788	949 125
Non-controlling interests		72 730	64 781
Total equity		1 186 519	1 013 907
Non-current liabilities			
Pension liabilities	19	12 480	18 733
Deferred tax liabilities	13	303 485	272 742
Non-current interest bearing debt	8,9,15	653 361	518 788
Total non-current liabilities		969 326	810 263
Current liabilities			
Current interest bearing debt	8,9,15	46 519	182 089
Accounts payables	15	530 430	426 331
Tax payable	13	3 180	2 031
Other current liabilities	11,15,16	134 271	164 842
Total current liabilities		714 400	775 293
Total liabilities		1 683 726	1 585 556
Total equity and liabilities		2 870 245	2 599 462

Notes 1 to 29 are an integral part of these consolidated financial statements.

Trondheim, 12 April 2016

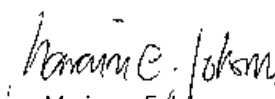

Helge Gåsø
Chair


Kristine Landmark
Vice Chair


Endre Glastad


Inge Kristoffersen


Trude Olafsen


Marianne E. Johnsen


Charles Høstlund
Chief Executive Officer

Consolidated statement of cash flow

(NOK 1 000)	Note	2015	2014
Operational EBIT		201 894	158 064
Adjusted for:			
Taxes paid	13	-2 031	-8 313
Depreciation	7	53 697	41 412
Gains (-) / losses (+) on sale of fixed assets		-1	802
Sharebased payment		-1 249	-1 137
Pension costs with no cash effect		78	-716
Change in inventories/biological assets		-24 423	-129 180
Change in account receivables and accounts payables		25 101	33 844
Change in other current assets and other liabilities		87 130	680
Net cash flow from operating activities		340 196	95 455
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		157	0
Payments for purchase of property, plant and equipment	7	-122 750	-120 712
Payments for purchase of licences	10	-90 000	-56 000
Proceeds from investments in non-current financial assets		127 999	14 722
Payments for investments in non-current financial assets	10	-4 641	-500
Change in loans to associates and others		-18 200	127
Net cash flow from investing activities		-107 435	-162 363
Cash flow from financing activities			
Receipts from new non-current debt		185 259	474 722
Non-current debt repayment		-43 681	-277 236
Net change in bank overdraft		-142 576	-4 223
Sale of treasury shares		-2 589	-252
Net interest payments		-23 976	-21 499
Dividend payment		-65 353	-96 845
Net cash flow from financing activities		-92 916	74 667
Net increase (+)/ reduction (-) in cash and cash equivalents		139 845	7 761
Cash and cash equivalents as of 1 January		61 494	53 733
Cash and cash equivalents as of 31 December		201 339	61 494

Notes 1 to 29 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Equity attributable to owners of the parent company							
(NOK 1 000)	Note	Share capital	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity as of 1 January 2015		43 572	-34	905 587	949 125	64 781	1 013 907
Net result for the year		0	0	229 633	229 633	7 950	237 582
Other comprehensive income		0	0	4 387	4 387	0	4 387
Total comprehensive income		0	0	234 020	234 020	7 950	241 970
Transactions with shareholders							
Dividend	21	0	0	-65 353	-65 353	0	-65 353
Share based payment	18	0	0	-1 249	-1 249	0	-1 249
Other changes associated companies	10	0	0	-165	-165	0	-165
Changes in treasury shares	21	0	-37	-2 552	-2 589	0	-2 589
Total transactions with shareholders		0	-37	-69 319	-69 356	0	-69 356
Equity as of 31 December 2015		43 572	-71	1 070 287	1 113 788	72 730	1 186 519

Equity attributable to owners of the parent company							
(NOK 1 000)	Note	Share capital	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity as of 1 January 2014		43 572	-30	771 090	814 632	54 355	868 989
Net result for the year		0	0	254 348	254 348	13 936	268 284
Other comprehensive income		0	0	-24 971	-24 971	0	-24 971
Total comprehensive income		0	0	229 377	229 377	13 936	243 313
Transactions with shareholders							
Dividend to non-controlling interests		0	0	0	0	-3 511	-3 511
Dividend	21	0	0	-93 332	-93 332	0	-93 332
Share based payment	18	0	0	-1 137	-1 137	0	-1 137
Other changes associated companies	10	0	0	-163	-163	0	-163
Changes in treasury shares	21	0	-4	-248	-252	0	-252
Total transactions with shareholders		0	-4	-94 880	-94 884	-3 511	-98 395
Equity as of 31 December 2014		43 572	-34	905 587	949 125	64 781	1 013 907

Notes 1 to 29 are an integral part of these consolidated financial statements.

Notes

to the consolidated financial statements

Note 1. Accounting principles

1.1 General information

Norway Royal Salmon ASA is based in Norway, and has its head offices in Trondheim. The company's shares are listed on the Oslo Stock Exchange, code NRS.

The consolidated financial statements for 2015 include the parent company, subsidiaries and the Group's shareholdings in associates. The Group's main business is linked to fish farming and sales.

The annual financial statements were approved by the board on 12 April 2016.

1.2 Basis of preparation

The most important accounting principles applied in preparing the consolidated financial statements are described below. These principles apply in the same way in all periods presented unless indicated otherwise.

Statement of compliance

The consolidated financial statements of Norway Royal Salmon ASA have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and relevant interpretations that are mandatory for annual financial statements presented as of 31 December 2015.

The consolidated financial statements have been prepared on a going concern basis.

Basis for measurement

The consolidated financial statements have been prepared on the principle of historic cost, except for the following assets and liabilities, which are presented at fair value:

- Biological assets (Note 26)
- Derivatives (Note 5)
- Available-for-sale financial assets (Note 16)

The principles used determining fair value are described in more detail in the following principles and relevant notes.

The accounting principles are applied consistently for all the years presented.

1.3 Introduction of new and amended standards

Norway Royal Salmon has not used any new standards that have an impact on the Group accounts in 2015.

1.4 Summary of important accounting principles

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the company. The company has control if it has the power to manage a company's financial and operational principles. Annual financial statements of subsidiaries are included in the consolidated financial statements from the date control is achieved until the date control ceases.

Business combinations are recognised using the acquisition method. The consideration paid is measured as the fair value of the assets transferred, liabilities assumed and equity instruments issued and the fair value of contingent assets or liabilities resulting from the contract. Costs in connection with business combinations are expensed as they are incurred. Identifiable assets and liabilities are recognised at fair value at the time of acquisition. Non-controlling shareholdings in acquired companies are measured on a case-by-case basis either at fair value or as the respective share of the net assets of the company acquired.

Should the total of the consideration, carrying amounts of non-controlling owners and fair value at the time of acquisition of previous shareholdings exceed the fair value of identifiable net assets of the company acquired, the difference is recognised in the balance sheet as goodwill. Should this total be less than the company's net assets, the difference is recognised in income immediately.

Eliminations

Intra-group transactions and balances have been eliminated. Any unrealised profits or losses associated with

intra-group transactions are eliminated during the preparation of the consolidated financial statements.

Non-controlling interests

Transactions with non-controlling owners of subsidiaries are treated as equity capital transactions. When acquiring shares from non-controlling owners, the difference between the price paid and the shares' pro rata share of the reported balance sheet value of the subsidiary's net assets is recognised in the equity of the parent company's owners. Profits or losses on sales to non-controlling owners are similarly recognised in equity.

If the Group no longer has control, any remaining interest is valued at fair value with changes in value being recognised through profit or loss. Fair value then represents the cost in subsequent recognition, either as an investment in associates, joint ventures or as a financial asset. Amounts previously recognised in comprehensive income relating to this company are treated as if the Group had disposed of the underlying assets and liabilities. This could mean that amounts previously recognised in comprehensive income are reclassified to the income statement.

Associates

Associates are entities over which the Group exercises significant influence but not controlling influence. A significant influence normally applies to investments in which the Group owns between 20 % and 50 % of the voting rights. The consolidated financial statements include the Group's share of profits of associates in accordance with the equity method from the time significant influence is achieved and until such influence ceases. Should the Group's share of losses exceed the investment in an associate, the Group's carrying amount is reduced to zero and no further losses are recognised unless the Group has assumed legal or constructive obligations or made payments on the company's behalf. The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

Classification of accounting items

Assets and liabilities associated to the production cycle, or which are held for sale, and items due for payment within one year of the balance sheet date are classified as current assets or short-term liabilities. Liquid funds are also classified as current assets. Other assets are classified as non-current assets. Other liabilities and provisions for long-term obligations are classified as long-term liabilities. The next year's instalments of long-term debt are classified as current liabilities.

Proposed dividends are recognised as liabilities in the balance sheet when the company is obliged irrevocably to pay dividends, normally when they have been approved at the Annual General Meeting.

NRS's key measurement is operational EBIT pre fair value adjustments. Fair value adjustments are presented on separate lines within the income statement. This presentation has been chosen to clearly identify earnings on sales during the period.

Statement of cash flow

The statement of cash flow has been prepared using the indirect method. The statement of cash flow shows a breakdown of the Group's total cash flow by operating activities, investing activities and financing activities. Cash flow associated with the acquisition and divestment of businesses is presented net under investing activities after deductions for cash reserves held by the acquired company.

Segment reporting

An operating segment is part of the Group that engages in business which can generate revenues and costs, including revenues and costs deriving from transactions with other Group segments. 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 financial performance of all operating segments is reviewed monthly by group management. Performance is evaluated based on operating results (EBIT) per segment. See Note 2.

Revenues

Sale of goods

The Group's operating revenues derive mainly from the sale of fish. Revenues from the sale of goods are recognised in income when the risk and control have been transferred to the customer. This is normally the delivery date. The timing of the transfer of risk to the customer depends on the delivery terms specified in the sales contract. Operating revenues are recognised at the fair value of the consideration received, less discounts and VAT.

Interest income

Interest income is recognised when the income is earned.

Dividends

Dividend income is recognised when the entitlement to receive payment arises.

Fish-farming licences

Licenses acquired by the Group are capitalised at cost. Fish-farming licences are deemed to have an indefinite useful life and are not amortised (see note 1.5,

Impairment of intangible assets with an indefinite useful life), but are tested annually for impairment or more frequently if there is indication of impairment.

Write-downs

The Group's assets are reviewed at the end of each accounting period to assess whether there are any indications that their value has fallen below book value. If such indications exist an assessment is made of the asset's recoverable amount. If the recoverable amount is lower than book value, the asset is written down to the recoverable amount. The recoverable amount is the higher of the expected sales value and value in use (present value of expected future cash flows).

Licenses are defined as having indefinite useful economic lives and are not amortised, but tested annually for impairment. This assessment is arrived at by calculating the estimated present value of future cash flows (recoverable amount) from each cash-flow generating unit, which for the Group's fish-farming business is defined as Region North and Region South, and comparing these with the book value of the cash flow generating unit. If the recoverable amount is lower than book value, the asset is written down.

Previous write-downs are reversed if the estimated recoverable amount subsequently exceeds book value. The upper limit for reversal is cost less amortisation.

Biological assets (biomass)

Biological assets comprise live fish stocks. Biological assets are recognised at fair value less.

There are no effective markets for the sale of live fish, and valuing live fish involves estimating their fair value in a theoretical live fish market. An assessment of the biomass's fair value is based on market prices based on externally quoted forward prices from Fish Pool available for the period when the fish are expected to be harvested. To estimate price for live fish to the farmer, prices are adjusted for sales costs, harvesting costs and transport costs to Oslo. The estimated quality distribution of the fish is also taken into account when estimating the value. 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 the 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. Changes in value are recognised in the income statement on a separate line for fair value adjustments. Fair value adjustments are included in the consolidated operating results. Production costs related to sold fish are classified in the income statement as changes in inventories of biological assets and included in cost of materials and operational

result. The adjustment of fair value have no impact on cash flows and do not affect the operational result.

Costs related to the extraordinary mortality are expensed in the income statement in the period it occurs. Such costs are included in the operational result. Extraordinary mortality is defined as an incident of not normal nature that has a significant economic impact. A specific assessment is made of every incident that has caused increased mortality. This assessment is done by the regional management in close dialogue with the group management to ensure consistent classification within the Group. Incidents defined as extraordinary are for example; outbreaks of disease, algae attack, treatment losses, extreme weather, statutory orders of destruction of salmon and escapes that amounts to a significant value for the Group.

Costs related to what is considered normal mortality are included in the carrying amount of biomass in the balance sheet. Normal mortality is considered part of the production process of fish and added to the production cost of the biomass and harvested fish.

Property, plant and equipment

Property, plant and equipment are capitalised at cost, less accumulated depreciation and impairments. If material individual parts of a unit of property, plant or equipment have different useful lives, they are recognised as separate components with varying depreciation schedules. Ongoing maintenance costs are charged to expenses as they arise.

Assets are depreciated over their estimated useful economic lives. The depreciable amount is the asset's cost less its residual value. Land is not depreciated.

Tax

Tax on the profit/loss for the year comprises tax payable and deferred tax. Tax is recognised in the income statement with the exception of tax on items that have been recognised in comprehensive income or directly in equity. The tax impact of these latter items is recognised in comprehensive income or directly in equity.

Tax payable comprises expected tax payable on the taxable profit for the year at the tax rates in effect at the balance sheet date, and any corrections of tax payable for previous years.

Deferred tax is calculated to take account of temporary differences between the book value of assets and liabilities and their value for tax purposes. Provisions for deferred tax are based on expectations relating to the realisation or utilisation of the book value of assets and liabilities, and are calculated at the nominal tax rates applicable at the balance sheet date.

Deferred tax assets are only recognised in the balance sheet to the extent that it is probable that the asset will be utilised in connection with future taxable profits. Deferred tax assets are reduced to the extent that it is no longer probable that the tax asset will be utilised.

Onerous contracts

Physical fixed-price sales contracts whose price is less than the price used as the basis for adjusting the fair value of the biomass are recognised as liabilities in the financial statements. The amount recognised as a liability is the difference between the market price at the balance sheet date plus costs to sell and the contract price. The Group also enters into corresponding fixed-price purchase contracts. In such cases, provisions are recognised for losses on contracts where the contract price is higher than the market price. Changes in provisions are recognised in a separate line for fair-value adjustment. Fair value adjustments are included in consolidated operating results.

Financial instruments

Shares

Investments in shares, which are not investments in subsidiaries or associates, are valued at fair value.

Derivatives

The Group uses derivatives to hedge against foreign currency fluctuations arising from operating activities. This is done using forward currency contracts. The Group uses derivatives to hedge against fluctuations on the interest rate of its long-term debt. This is done using interest-rates swaps. In addition the Group has TRS (Total Return Swap)-agreements.

The derivatives are measured at fair value. Changes in fair value of derivatives are recognised through profit and loss as financial items, with the exception of currency contracts and derivatives qualifying for hedge accounting.

The Group's criteria for classifying a derivative as a hedging instrument for accounting purposes follows specific guidance in IAS39 and is as follows:

There is adequate documentation when the hedge is entered into that the hedge is effective. The hedge is expected to be highly effective in that it counteracts changes in cash flows from an identified object. For cash flow hedges, the forthcoming transaction must be highly probable and the effectiveness of the hedge can be reliably measured. The hedge is evaluated regularly.

For hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability in cash flows that is attributable to a particular risk associated with a forecast transaction. For cash flow hedges, which meet the conditions for hedge accounting, any unrealised gain or loss on the contract that is determined

to be an effective hedge is recognised temporarily in other comprehensive income until the hedged cash flow materialises and affects the profit or loss. All financial instruments are recognised in the balance sheet at fair value when the entity becomes a party to the contractual provisions of the instrument. The instrument is derecognised when the contractual rights expire or contractual rights and obligations are transferred. Derivative financial instruments are classified as current assets or liabilities. If a cash flow hedge expires, gains and losses in the hedging reserve within equity are recycled through profit or loss in accordance with the above principle. If the hedged transaction is no longer expected to occur, accumulated unrealised gains and losses previously recognised in other comprehensive income is immediately reversed and recycled through profit or loss.

The Group also uses derivatives to hedge margins connected to deliveries in the sales department. In cases where fixed-price contracts have been entered into without being hedged using physical contracts and the sales department does not wish to hedge the Group's volume from the farming operations, agreements are made to purchase financial Fish Pool contracts to hedge the margins. Derivatives are measured at fair value at the time they are entered into with subsequent changes in value recognised on a separate line for fair-value adjustment. Fair value adjustments are included in consolidated operating results. Realised gains and losses are recognised in cost of sales.

The fish farming business enters into financial Fish Pool contracts in order to hedge prices of future deliveries. Derivatives are measured at fair value at the time they are entered into with subsequent changes in value being recognised on a separate line for fair-value adjustments. Fair value adjustments are included in the consolidated operating result. Realised gains and losses are recognised in sales revenues.

Loans and receivables

Loans and receivables, including trade receivables, are financial assets with fixed payments not listed in an active market. Financial assets of this kind are initially recognised at fair value plus directly attributable transaction costs. Following initial recognition, loans and receivables are recognised at amortised cost less any impairment. Trade receivables are valued at nominal value, less any expected losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Liabilities

Current and non-current interest bearing debt and trade payables are initially recognised at fair value less directly attributable transaction costs. In subsequent periods, interest bearing debt is recognised at amortised cost. Trade payables do not generate interest, and are recognised at nominal value in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and other current investments that may immediately and be converted into cash amounts without material risk of loss on the transaction.

Pensions

Defined contribution pension schemes

A defined contribution plan is a pension plan under which the group pays fixed contributions. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. In a defined contribution scheme, the company pays the company what they have committed in accordance with an agreement, committed by law or voluntarily contributes. The company has no further obligations beyond this payment. Liabilities to pay contributions to defined contribution pension schemes are recognised as costs in the income statement as they accrue.

Defined benefit pension schemes

Pension schemes that are not defined contribution schemes are defined benefit schemes. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using a linear accrual method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Share price based bonus scheme

The Group has a share price based bonus scheme that will be settled in cash. The fair value of the program is recognised as a payroll expense and a liability. The fair value of each allotment is measured at the end of each reporting period and accrued over the period until the employees have earned an unconditional right to receive them. Please see note 18.

Equity

Purchase of treasury shares

On the repurchase of treasury shares, the purchase price including directly attributable costs is recognised as a change in equity. Treasury shares are recognised as a reduction in equity. When treasury shares are sold, any consideration received is included in equity attributable to the company's equity holders.

Dividends

Dividends are recognised as liabilities in the period they are adopted.

Inventory

Inventory comprise raw materials of which the vast majority is feed for the fish farming business and stocks of finished goods, largely frozen salmon for sale.

Inventory is valued at the lower of cost and net realisable value. The net realisable value is the estimated ordinary sales price less estimated sales costs. Inventory is recognised in accordance with the FIFO principle.

Fish produced in-house and which is placed in storage awaiting sale by the sales business is recognised at the fair value of own production, which is deemed to be the acquisition cost for the sales business.

Leasing

Lease agreements with terms which transfer economic rights and liabilities to the Group are classified as financial leasing. Assets acquired by means of finance leases are recognised at the start of the leasing period at a value corresponding to the lower of the fair value of the asset and the present value of the minimum leasing cost, less cumulative depreciation and impairments. Associated leasing obligations are capitalised as liabilities. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in long-term debt. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset. All leases are signed on standard terms. Other lease agreements defined as operating leases are charged to expenses as they accrue

Foreign currency

Presentation currency

The consolidated financial statements are presented in Norwegian kroner (NOK), which is the Group's functional currency. All amounts are stated in thousands of kroner unless indicated otherwise.

Transactions and balance-sheet items

Transactions in foreign currency are translated at the exchange rate in effect at the transaction date. Monetary items in foreign currency are translated to NOK at the rate in effect at the balance sheet date. The Group reduces its foreign currency risks on receivables by drawing the same amount in the same currency on its overdraft facility. Other non-monetary assets and liabilities, which are recognised at historical cost in a foreign currency, are translated at the rate in effect at the transaction date. Foreign exchange gains and losses deriving from the settlement and translation of monetary items in foreign currencies to the exchange rate in effect on the balance sheet date are recognised and classified as operating items.

Exceptional items

Exceptional items are disclosed separately in the financial statement under operational result and in notes to provide further understanding of the financial performance of the group. Exceptional items are fair value adjustment of biomass (note 5), provision for onerous contracts and changes in Fair value of Fish Pool contracts (note 14).

Events after the balance sheet date

New information regarding the company's financial position on the balance sheet date which is received after the balance sheet date has been accounted for in the year-end financial statements. Events after the balance sheet date which do not affect the company's financial position on the balance sheet date, but which will affect the company's future financial position are reported if material.

Accounting standards and interpretations issued but not applied

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 31 December 2015, and have not been applied in preparing these consolidated financial statements. The standards concerned are as follows:

IFRS 9 Financial instruments

Addresses the classification, measurement, and recognition of financial assets, financial liabilities, and hedge accounting. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for a

financial liability, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement. IFRS 9 includes a number of changes and simplifications that increase the possibilities for employing hedge accounting. The Group has not finished its assessment of the impact of IFRS 9, but do not expect that the new standard will have a significant impact on the measurement of financial assets and liabilities. The implementation date for IFRS 9 is 1 January 2018.

IFRS 15 Revenue

New common standard for the recognition of revenue, replaces all existing standards and interpretations for revenue recognition. The standard applies to all income contracts and contains a model for recognition and measurement of the sale of certain non-financial assets. The standard is not considered to have significant impact on the Group's revenue recognition policy. Expected implementation is January 1 2017.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

1.5 Important accounting estimates and judgments

Preparation of annual financial statements in accordance with IFRSs involves the use of judgements, estimates and assumptions. These affect both the application of accounting principles and the recognised values of assets, liabilities, revenues and expenses. Actual figures may deviate from those estimated.

Estimates and underlying assumptions are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in all future periods affected. Valuations and estimates that are considered to be of most significance for the Group are as follows:

Valuation of the biological assets

In accordance with IAS 41, Agriculture and IFRS 13 Fair Value, the biological assets are valued at fair value. The difference between fair value of live inventory at the beginning and the end of the period is recognised as a fair value adjustment in the income statement. If expected fair value is higher than expected cost, a proportionate share of the expected future margin is recognized. If expected fair value is lower than expected cost, the entire estimated loss is recognised. The estimate of fair value is based on forward prices from Fish Pool at the balance sheet date. Fair value is estimated for each site, and biomass data includes the number of fish, estimated average weight and production cost of the biomass. These estimates involve a considerable

level of uncertainty. The valuation is based on the biomass's estimated weight in kg at the end of the period, in addition to an estimated quality distribution. Estimated biomass is based on assumptions for growth and mortality rates from the date the fish were released into the sea, adjusted for any inspections performed during the production period. These estimates involve a considerable level of uncertainty. Quality distribution of fish can only to a limited extent be observed and assessed prior to harvesting, and estimated quality distribution is subject to considerable uncertainty. Each individual fish will grow independently, and even though it may be possible to estimate the average growth of the fish in the net pens, there will be considerable variations in weight and quality within each pen. With respect to valuation, price assumptions are particularly important in addition to the weight of the biomass. The principles used for valuation are described in the section describing biological assets and in Note 5 to the financial statements.

Trade receivables

Provisions for losses on trade receivables are based on a number of assumptions including the indications of financial distress (bankruptcy filings or indications), the likelihood that the customer will go bankrupt or face financial restructuring, and delays in the payment/request for extended terms. Norway Royal salmon relies on credit insurance and an approval system for own risk and customers are followed up continuously with regards to compliance with payment terms. In combination these are efforts that improve the accuracy of recognised provisions. Further information about the specification of receivables and information about provisions reference may be found in note 6.

Impairment of intangible assets with an indefinite useful life.

The Group annually tests its licenses for impairment as described in the accounting principles. The recoverable amount is calculated based on estimated future cash flows for the Group's cash-flow generating units, as well as a discount rate for calculating the present value of cash flows. Expectations of future cash flows may vary over time. Changes in market conditions and expected cash flows may result in an impairment loss, which must be reflected in the financial statements. The most important assumptions with an impact on cash flows connected to investments are the applied discount rate, expected salmon prices, and estimated harvesting volume, production cost per kg and investment level. Further information regarding the assessment of impairment of capitalised licenses may be found in Note 3.

Below is a detailed description of the Group's assessments in situations where the Group has established that an asset has an indefinite useful life, cf. IAS 38.122. Intangible assets with an indefinite useful life are not amortised, but tested for impairment once a year as a minimum.

The license scheme for production of salmon and trout in Norway is implemented by the Norwegian Parliament and adopted in the Norwegian Act relating to aquaculture (Aquaculture Act). The Ministry of Trade, Industry and Fisheries is responsible for allocation of aquaculture permits (licenses). All activities involving aquaculture require a license. It is prohibited to farm salmon without a license from the authorities, cf. section 4 of the Aquaculture Act. All licenses are governed by the same regulations (current Aquaculture Act with provisions) irrespective of when the license was allocated. NRS's aquaculture permit entitles the Group to produce salmon in a confined geographic area (sites), subject to the prevailing limitations established at any given time regarding the scope of the permit. The Ministry may prescribe detailed provisions relating to the content of the aquaculture licenses by administrative decision or regulations. The Ministry of Trade, Industry and Fisheries administer the Aquaculture Act centrally, and the Directorate of Fisheries is the supervisory authority. Regionally, there are a number of sector authorities that together represent the total administrative and supervisory authority within the area governed by the Aquaculture Act. The individual county is the regional administrative body, and the Directorate of Fisheries is the appellate body for issues involving locations and licenses.

Since January 2005, the limitations on production established for aquaculture licenses for salmon and trout have been governed according to a scheme known as Maximum Allowable Biomass (MAB). This specifies the maximum biomass in the sea that a license holder can have at any given time. The following regulations regarding production limitations apply to the different types of licenses held by the Group:

Grow out licenses are limited in number, i.e. the enterprises are only granted new licenses (more production volume) subsequent to politically adopted allocation rounds. The current Maximum Allowable Biomass is 780 tons of salmon or trout per license. However, for Troms and Finnmark the Maximum Allowable Biomass is 945 tonnes of salmon or trout per license.

Section 5, second paragraph of the Aquaculture Act reads: «The Ministry may prescribe detailed provisions relating to the content of the aquaculture licenses, including the scope, time limitations, etc., by administrative decision or regulations.» In the legislative background to the Aquaculture Act, White Paper no. 61 2004-2005, the following statement can be found on page 59: "It will remain the case that licenses are normally allocated without any specific time limitation. Implementation of such limitations should be reserved for those issues where a time limitation, based on the specific situation, provides for a more complete fulfilment of the Act than if the license were to be allocated without a time limitation." The duration of licenses is

also specified by the Aquaculture Act, which in its most recent revision underlined ownership of licenses by allowing the licenses to be mortgaged to the benefit of the lender.

There are no time limitations specified in NRS's terms for grow out licenses, and they are therefore deemed to be time-indefinite production rights according to the prevailing regulations. As the licenses are not bound by limited period, there is no need to apply for their renewal. The licenses are deemed valid pursuant to the Aquaculture Act, unless they are revoked in accordance with the Act. Section 9 of the Aquaculture Act describes the grounds for revocation of a license. Section 9 states that licenses may be revoked due to gross contravention of the provisions of the Act. Historically, no operative licenses for salmon and trout have ever been revoked in Norway.

According to past and present legislation and the general interpretation and practice in the industry, Norwegian fish farming licenses are not a time-limited right, and licenses should therefore not be subject to amortisation.

1.6 Financial risk

The Group's main financial obligations comprise liabilities to financial institutions and current liabilities in connection with company operations. These financial liabilities account for the bulk of the Group's debt capitalisation. The Group has a number of financial assets, such as cash, trade receivables and short-term receivables in connection with company operations. The company also has some forward currency contracts for hedging purposes. The main risks to which the company is exposed are connected to interest rate risk, foreign currency risk, liquidity risk and credit risk. This note gives details of exposure to each of these risks and aims and procedures for dealing with risk. Further quantitative details can be found elsewhere in the consolidated financial statements.

Foreign exchange risk

The bulk of the Group's transaction risk is linked to sales in currencies other than the functional currency of its sales business. Exposure is largely to EUR, USD and GBP. Hedging of contracted currency revenues is managed through forward currency contracts. Hedging of currency exposure deriving from trade receivables is managed through forward currency contracts and by drawing on its overdraft facility in the same currency. Details of the Group's exposure in foreign currency can be found in Notes 6 and 8. Forward currency contracts see Note 16. Given the financial instruments in effect on 31 December 2015, a 2 per cent reduction in the value of the NOK towards USD would decrease the Group's profit by KNOK 3 530, a 2 per cent reduction in the value of the NOK towards EUR would decrease

the Group's profit by KNOK 6 646, and a 2 per cent reduction in the value of the NOK towards GBP would decrease the Group's profit by KNOK 5 854. The contractual future revenues that the instrument hedge (hedged items) are not recognized in the accounts.

Interest rate risk

The Group's interest bearing debt is currently exposed to variable interest rates. This means that the Group is exposed to changes in interest rates. To hedge against such changes the Group has entered into an interest rate swap agreement. The Group's interest bearing debt is capitalised at amortised cost. Details on the swap agreement can be found in Note 16. Given the financial instruments in effect on 31 December 2015, an increase of 100 basis points in the interest rates level would decrease the Group's profit by KNOK 5 999, assuming all other variables are constant.

Credit risk

The Group's exposure to credit risk is affected largely by particular circumstances relating to each individual customer. The Group is not materially exposed to any single counterparty. Historically, with the exception of the previous 2 years, bad debts have been small – see Note 6 for further details. Trade receivables are monitored continuously and the Group's policy is to insure all major trade receivables against non-payment. In addition to trade receivables, the Group is exposed in connection with the derivatives entered into by the Group. The counterparty in the agreements are major financial institutions and the credit risk associated with the counterparty is very low.

Price/liquidity risk

Liquidity risk is the risk that the Group will have trouble meeting those financial obligations which must be settled in cash or with other financial assets. Liquidity management shall, as far as possible, ensure that available liquidity is sufficient to meet such obligations as they fall due.

The Group monitors its liquidity continuously and estimates expected future developments through budgets and updated forecasts. The Group's liquidity depends in large measure on developments in the price of salmon, making it significantly exposed to changes in salmon prices. Other key risks include fluctuations in production and harvested volumes.

To reduce this risk long-term fixed-price contracts are entered into for a portion of the volume. If the sales business concludes fixed-price contracts, the margin is closed at the same time by concluding financial contracts to buy fish to an equivalent volume at Fish Pool or possible physical contracts with suppliers. In addition, contracts are entered into with the aim of hedging the price of the self-produced fish in the Group. The Group had a net

exposure of Fish Pool contracts for 11 970 tonnes at 31 December 2015. Given the financial instruments in effect on 31 December 2015, a NOK 1.00 reduction in the price of salmon would reduce the Group's profit by NOK 11 893.

The Group's objective is to maintain a balance between long-term funding and flexibility through the use of overdraft facilities. The maturity profile of the company's interest bearing debt is presented in Note 8.

Other price risk

Norway Royal Salmon entered into TRS-agreements on own shares in 2015. The Company is therefore exposed to changes in the share price of NRS. Given the financial instruments in effect on 31 December 2015, a NOK 1.00 reduction in the share price of NRS would reduce the Group's profit by NOK 2 991.

Capital structure and equity

The Group's objectives when managing capital are to safeguard the continued operation of the Group, have a reasonable debt ratio to ensure adequate returns for shareholders and other stakeholders, as well as maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes adjustments in light of changes in underlying economic conditions. Capital structure can, in addition to organisation of the operations, be affected through dividends to shareholders, repayment of capital to shareholders, issuing of new shares or sale of assets to reduce debt.

The company's main borrowing covenants are important indicators for measuring risk of the capital structure. The Group's main borrowing covenants are based on standard ratios relating to solvency. The group's finance 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. At the end of 2015, the company keeps covenants under the loan agreement.

The Group's principal financial liabilities apart from bank liabilities consist of trade payables and derivatives. These

financial liabilities constitute the majority of the Group's debt financing. The Group has various financial assets such as cash, accounts receivable and shares. The Group also uses financial derivatives, principally forward currency contracts and an interest rate-swap. The purpose is to manage interest rate and currency risks arising from the operations of the Group. Derivatives of this type are not entered into for speculation purposes.

Equity not considered necessary for further growth will be returned to shareholders through dividends. At 31 December 2015, the Group had equity of NOK 1 187 million. The equity ratio, defined as equity divided by total assets, was at the same time 41.3 per cent. Net interest bearing debt, defined as total debt less cash and cash equivalents were NOK 499 million at year-end.

The Company's dividend policy is to distribute at least 60% of profit after tax, provided that the Group's equity ratio is above 40 per cent and that the Group's own capital requirements have been satisfied. The shareholders should obtain a current yield directly correlated with the results. The board has proposed a dividend of NOK 113 287 697 (NOK 2.60 per share) based on the financial statements of 2015. The resolution is passed at the Annual General Meeting on 26 May 2016.

The board of Norway Royal Salmon ASA has received the following powers from the General Meeting:

The board is authorised to purchase treasury shares with a value of NOK 4 357 219. For acquisitions, the purchase price per share should be no lower than a nominal value of NOK 1.00, and no higher than NOK 120.00 per share. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2016. The Group owns 70 885 treasury shares at the end of 2015. The group also owns TRS agreements to 2 991 424 shares with a contractual right to buy.

The board is authorised to issue up to 4 357 219 shares. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2016.

Note 2. Segment reporting

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 border region of Hordaland and Rogaland. 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 1 000)	Sales		Fish farming				Total	
			Region North		Region South			
	2015	2014	2015	2014	2015	2014	2015	2014
Total segment revenues	3 171 282	2 577 739	892 600	683 091	193 785	163 068	4 257 667	3 423 898
Revenues between segments	0	0	-888 176	-678 789	-193 781	-163 062	-1 081 957	-841 851
Revenues from external customers	3 171 282	2 577 739	4 424	4 302	3	6	3 175 709	2 582 047
Cost of materials	3 112 383	2 546 830	477 512	322 682	137 907	101 973	3 727 802	2 971 485
Depreciation	38	139	41 899	30 052	11 721	11 080	53 658	41 271
Other costs	32 299	35 906	150 555	120 963	24 310	31 127	207 164	187 996
Operating result before fair value adjustments	26 562	-5 137	222 635	209 394	19 846	18 888	269 043	223 145
Fair value adjustments	27 224	3 968	6 034	42 865	-8 842	10 623	24 416	57 456
Operating result	53 787	-1 169	228 669	252 259	11 004	29 511	293 460	280 601
Interest income	178	118	697	743	8	74	883	935
Interest expenses	0	-690	-12 794	-8 721	-6 549	-5 915	-19 343	-15 326
Other financial items	-940	-1 188	-829	94	-283	-6	-2 052	-1 100
Segment result before tax	53 025	-2 929	215 743	244 375	4 180	23 664	272 948	265 110
Total assets	661 412	507 936	1 518 257	1 402 184	419 212	419 131	2 598 881	2 329 251

For further details of the biomass for the fish-farming business see Note 5.

Reconciliation of reported segment result before tax with Group result before tax:

(NOK 1 000)	2015	2014
Segment result before tax for operating segments	272 948	265 110
<i>Unallocated income statement items:</i>		
Income from associates	23 369	26 999
Gain on realisation of associates and financial assets	44 193	100 786
Unallocated non-recurring items	-31 330	-35 911
Unallocated expenses (operations)	-35 819	-29 169
Unallocated interest (finance)	-3 280	-7 107
Result before tax	270 081	320 706

Note 2 cont.

Reconciliation of reported segment assets to total assets:

(NOK 1 000)	2015	2014
Segment assets for reportable segments:	2 598 881	2 329 251
<i>Unallocated assets:</i>		
Investments in associates	162 737	146 926
Investments in other shares	1	1 001
Other long-term receivables	5 000	1 200
Unrealised gains on derivatives	36 758	112 126
Restricted bank deposits related to TRS agreements	66 869	8 959
Total assets in the balance sheet	2 870 245	2 599 462

Geographical market sales:

(NOK 1 000)	2015	2014
Norway	284 709	168 529
Western Europe	2 040 771	1 405 543
Eastern Europe & Russia	231 536	504 699
Asia & Middle East	608 433	503 723
Other countries	45 099	17 305
Total operating revenues	3 210 548	2 599 799

Note 3. Intangible assets

Cost:

(NOK 1 000)	Fish farming licenses	
	2015	2014
Acquisition cost as of 1 January	648 887	502 887
Additions during the year	0	146 000
Acquisition cost as of 31 December	648 887	648 887

Specification of fish farming licenses by region:

(NOK 1 000)	Ordinary licenses	Green licenses	Number of licenses	Cost	Book value 31.12.2015
Region North	19	10	29	516 026	516 026
Region South	6	0	6	132 861	132 861
Total	25	10	35	648 887	648 887

Licenses

NRS has two types of licenses; ordinary and green. All licenses are in Norway and are managed by the Department of trade, industry and fisheries.

The main condition for ordinary licenses is that they shall be operated in accordance with current laws and regulations. Maximum allowed biomass in Region North is 945 tonnes per license and 780 tonnes per license in Region South.

The main conditions of the green licenses are that sterile fish must be used, smolt must be over 100 grams, nets with material properties which reduces the possibility of escape must be used, lice skirts must be used, and that ice skirts should be used on locations that are particularly vulnerable to icing. In addition, it should not be over 0.25 adult female lice per fish and not more than 3 medical treatments per production cycle. Maximum allowed biomass in the Region North is 945 tonnes per license.

Serious breaches of the terms of licenses may give rise to loss of the licenses.

Annual impairment test

Fish farming licenses are defined as having an indefinite useful economic life and are not amortised, but are tested for impairment annually, or more frequently when there is an indication that an asset may be impaired. This is done by comparing assets' recoverable amounts with their book values. Licences are considered to have an indefinite life because ownership of licenses has no time limit as long as the owner complies with significant statutory requirements regarding the use of them. See note 1.5 for further details on the Group's assessment that the licenses have indefinite life.

Impairment testing is performed for each cash flow generating unit (CGU). Region North and Region South are defined as CGUs as production management, evaluation of harvesting plans, etc. are treated as one within these regions.

The impairment test is carried out by calculating the present value of estimated future cash flows (estimated value in use) for the cash flow generating unit and comparing this with the book value of the unit's net assets. Impairments are recognised if the book value exceeds the estimated value in use.

Estimated future cash flows are based on budgets and forecasts for the next four years. After that, a terminal value is used. The terminal value is calculated using a growth rate of 2.0 per cent, which reflects future estimated inflation.

The impairment test did not give indications for write-downs of the book value of licenses at 31. December 2015. There are significant positive differences between estimated recoverable amounts and book values in Region North and Region South.

Key assumptions

Calculations are based mainly on EBIT margin per kg

(salmon prices and production costs per kg), investment levels, discount rates and harvesting volumes.

EBIT Margin per kg

EBIT per kilo is highly volatile due to the fluctuations in the price of salmon. Costs can under normal circumstances be forecasted with a relatively high level of accuracy. As a result of expectations of high salmon prices in the next four years, a higher EBIT margin per kg than the historical average margin has been used in the calculations. After this period the margin has been reduced to a normalized EBIT per kg of NOK 10,00. Necessary investments to meet anticipated growth has been taken into consideration. In the latter part of the forecast period the investments will equal the depreciations and represents mainly maintenance investments.

Discount rate

The estimated value in use is based on a discount rate after tax of 7.0 per cent. The discount rate is an estimated average capital cost for the Group (WACC). Capital costs are calculated by considering the risk-free interest rate, the market risk premium in the equity market and the company's average interest rate on borrowing. Capital costs are adjusted to reflect conditions at individual cash flow generating units, such as particular risks and interest rate differentials.

Harvest volume

Future production are estimated on the basis of current production and harvest plan, adjusted for expected increases in future output given current licenses. In the calculation it is assumed that the production capacity of about 45 000 tonnes will be utilised.

Sensitivity analysis

Sensitivity analysis have been performed by examining at changes in discount rates, EBIT per kg and harvesting volume. The following table shows how much each key assumption can change before book value is lower than estimated value in use.

	Region North	Region South
EBIT margin per kg (NOK)	-8.05	-4.54
Discount rates after tax	15.4 %	9.1 %
Harvest volume	-75.0 %	-59.0 %

Note 4. Companies in Group

The consolidated financial statements for 2015 include the following companies:

(NOK 1 000)	Registered Office	Registered Office	Share holding %
Parent company			
Norway Royal Salmon ASA	Trondheim	43 572	
Subsidiaries			
NRS Feøy AS	Feøy	1 445	100.00 %
NRS Finnmark AS	Alta	9 429	100.00 %
Nor Seafood AS	Torsken	205	82.50 %
Nord Senja Laks AS	Botnhamn	405	66.67 %

All subsidiaries are included in the consolidation. The proportion of the voting rights in the subsidiary held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of subsidiaries in the group.

Summarised financial information on subsidiaries with material non-controlling interests:

Summarised balance sheet

	Nord Senja Laks AS		Nor Seafood AS	
	2015	2014	2015	2014
Current				
Assets	169 816	153 431	143 573	108 031
Liabilities	-131 534	-118 999	-66 958	-51 899
Total current net assets	38 282	34 432	76 615	56 132
Non-current				
Assets	214 645	171 530	105 940	86 556
Liabilities	-93 088	-63 867	-65 208	-45 000
Total non-current net assets	121 557	107 663	40 732	41 557
Net assets	159 839	142 095	117 347	97 689

Summarised income statement

	Nord Senja Laks AS		Nor Seafood AS	
	2015	2014	2015	2014
Operating revenues	187 585	133 546	65 569	66 929
Operational EBIT	25 834	30 269	14 325	24 413
Result before tax	18 999	37 711	23 734	31 841
Tax	4 747	10 167	5 383	8 593
Total comprehensive income	14 252	27 544	18 351	23 248
Total comprehensive income allocated to non-controlling interests	4 767	9 710	3 183	4 226
Dividends paid to non-controlling interests	-	2 076	-	1 436

Summarised cash flows

	Nord Senja Laks AS		Nor Seafood AS	
	2015	2014	2015	2014
Cash flows from operating activities:				
Cash generated from operations	-4 541	31 697	-14 125	24 640
Interest paid	-3 616	-2 227	-885	7
Income tax paid	0	0	-2 031	-8 369
Net cash generated from operating activities	-8 157	29 470	-17 040	16 278
Net cash used in investing activities	-48 778	-45 708	-25 931	-38 830
Net cash used in financing activities	56 932	16 547	30 947	4 589
Net increase in cash and cash equivalents and bank overdrafts	-3	308	-12 024	-17 963
Cash, cash equivalents and bank overdrafts at beginning of year	922	614	12 024	29 987
Cash and cash equivalents and bank overdrafts at end of year	919	922	0	12 024

Note 5. Biological assets (biomass)

Specification of biological assets:

(NOK 1 000)	31.12.2015	31.12.2014
Biological assets valued at cost	632 534	608 472
Fair value adjustments of the biological assets	197 394	200 202
Total biological assets	829 928	808 674

Specification of changes in book value of biological assets:

(NOK 1 000)	2015	2014
Biological assets as of 1 January	808 674	639 238
Increase due to production in the period	853 256	742 859
Extraordinary event at cost	-25 000	-31 911
Reduction due to harvesting in the period	-804 194	-595 001
Fair value adjustments of the biological assets	-2 808	46 879
Fair value adjustments of the biological assets due to extraordinary event	0	6 609
Biological assets as of 31 December	829 928	808 674

Specification of biological assets – tonnes (ungutted weight):

	2015	2014
Biological assets as of 1 January	23 537	20 160
Increase due to fish put in the sea in the period	865	938
Increase due to production in the period	33 614	32 714
Reduction due to mortality in the period	-1 637	-1 790
Reduction due to harvesting in the period	-33 258	-26 934
Sold biomass	0	-131
Extraordinary event	-714	-1 420
Biological assets as of 31 December	22 407	23 537

Note 5 cont.

Specification of biological assets status on the balance sheet date 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

Specification of biological assets status on the balance sheet date 31.12.2014	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	5 607	3 346	151 741	0	151 741
1-4 kg	3 559	6 366	180 241	26 108	206 349
Larger than 4 kg	3 087	13 825	276 490	174 094	450 584
Biological assets	12 253	23 537	608 472	200 202	808 674

Fair value of biological assets

In accordance with IAS 41, Agriculture, biological assets must be valued at fair value. Changes to valuation adjustments are recognised in the income statement on an ongoing basis and classified on a separate line in order to highlight operating results before and after fair value adjustments. The valuation model for biomass makes the fair value within level 3 in the fair value hierarchy.

Valuation model:

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) 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.

Fish Pool forward prices 31.12.2015	NOK/kg
Q1-16	51,80
Q2-16	47,50
Q3-16	44,10
Q4-16	44,60
Q1+Q2-17	45,20
Y2017	44,50

Sensitivity analysis:

Based on the Group's biomass at 31 December 2015, an increase/decrease in price of NOK 5.00 per kg will result in an increase/decrease in the book value of the biomass of KNOK 72 467. A increase/decrease in production costs NOK 1,00 per kg gutted weight on all fish between 1 and 4 kg, will result in a increase/decrease in the book value of the biomass of KNOK 11 506.

Extraordinary events	2015			2014		
	Cost	Fair value adjustments	Fair value	Cost	Fair value adjustments	Fair value
Fish disease ISA, destruction required by the authorities ¹⁾	25 000	0	25 000	0	0	0
Poisonous algae, increased mortality	0	0	0	17 452	8 137	25 589
Fish disease PD, increased mortality	0	0	0	14 459	-1 528	12 931
Biological assets	25 000	0	25 000	31 911	6 609	38 520

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

Note 6. Accounts and other receivables

Specification of accounts and other receivables:

(NOK 1 000)	31.12.2015	31.12.2014
Account receivables	502 537	428 974
Provision for bad debts	-1 848	-7 283
Net accounts receivables	500 689	421 691
Other short-term receivables	100 438	174 344
Other long-term receivables	20 000	3 000
Total accounts and other receivables	621 126	599 035

Other short-term receivables comprise:

(NOK 1 000)	31.12.2015	31.12.2014
Fair value of derivatives	36 758	116 377
Prepaid costs	19 072	30 275
Value added tax repayable	33 506	27 030
Other receivables	11 103	663
Total other short-term receivables	100 438	174 344

At 31 December 2015, accounts receivables of KNOK 129 774 (2014: KNOK 92 237) were past their due date but not impaired. These relate to a number of different customers that have not previously defaulted on their obligations to the group. The age distribution of these receivables are:

(NOK 1 000)	31.12.2015	31.12.2014
Less than 3 months	129 769	91 303
More than 3 months	5	934
Accounts receivables past due date, but not impaired	129 774	92 237

Change in provision for bad debts

(NOK 1 000)	2015	2014
Provision for bad debts as of 1 January	-7 283	-5 837
Bad debts recorded in the year	8 950	7 955
Change in provision for bad debts	-3 515	-9 401
Provision for bad debts as of 31 December	-1 848	-7 283

At 31 December was nominal accounts receivables of KNOK 7 173 (2014: KNOK 24 906) written down. The size of the provision was KNOK 1 848 at 31 December 2015 (2014: KNOK 7 283). The individually impaired receivables relate to customers who have had financial problems. Accounts receivables are insured with a deductible mainly between 10 and 25 per cent. The age distribution of the written down receivables are:

(NOK 1 000)	31.12.2015	31.12.2014
2 to 6 months	3 398	926
More than 6 months	3 775	23 979
Accounts receivables written down	7 173	24 906

Note 6. cont.

Foreign currency exposure on receivables:

(NOK 1 000)	31.12.2015	31.12.2014
CHF	1 395	908
EUR	304 685	271 621
GBP	58 196	29 079
JPY	9 020	4 727
SEK	585	0
USD	62 718	90 195
NOK	64 089	25 161
Total book value trade receivables	500 689	421 691

Note 7. Property, plant and equipment

(NOK 1 000)	Land and buildings	Machinery and equipment	Boats and floating assets	Other operating assets	Total	Of which leased operating assets*
Acquisition cost as of 1 January 2014	13 052	181 817	130 102	17 443	342 415	195 098
Additions	7 898	76 222	31 620	4 972	120 713	74 595
Disposals	-67	-500	-442	-1 273	-2 282	-6 397
Acquisition cost as of 31 December 2014	20 883	257 540	161 281	21 141	460 845	263 296
Acquisition cost as of 1 January 2015	20 883	257 540	161 281	21 141	460 845	263 296
Additions	1 081	57 254	55 057	9 359	122 750	85 259
Disposals	0	-3 883	-450	-68	-4 402	-2 534
Acquisition cost as of 31 December 2015	21 964	310 911	215 887	30 432	579 193	346 021
Accumulated depreciation as of 1 January 2014	7 578	76 327	35 748	12 207	131 860	59 704
Depreciation for the year	626	27 453	10 796	2 536	41 412	22 581
Disposals	-67	-500	-442	-471	-1 479	-6 198
Accumulated depreciation as of 31 December 2014	8 137	103 280	46 103	14 272	171 792	76 086
Accumulated depreciation as of 1 January 2015	8 137	103 280	46 103	14 272	171 792	76 086
Depreciation for the year	960	36 281	12 991	3 464	53 697	29 345
Disposals	0	-3 883	-313	-49	-4 245	-521
Accumulated depreciation as of 31 December 2015	9 098	135 677	58 781	17 688	221 244	104 910
Book value as of 1 January 2014	5 474	105 490	94 355	5 235	210 554	135 394
Of which leased as of 1 January 2014	0	71 581	63 813	0	135 394	
Book value as of 31 December 2014	12 746	154 260	115 178	6 868	289 052	187 209
Of which leased as of 31 December 2014	0	101 808	85 400	0	187 208	
Book value as of 31 December 2015	12 866	175 233	157 106	12 742	357 948	241 112
Of which leased as of 31 December 2015	0	107 649	133 463	0	241 112	

* Disposal leased assets relate to the purchase of leased assets

Economic life	20 years	5–10 years	5–15 years	3–5 years
Depreciation method	Straight-line	Straight-line	Straight-line	Straight-line

Write-downs and other non recurring items

In 2015 the Group has not recognised write-downs or costs relating to individual events on property, plant and equipment.

Note 8. Interest bearing debt

Long-term interest bearing debt:

(NOK 1 000)	31.12.2015	31.12.2014
Debt to financial institutions	500 000	400 044
Long-term finance leases	153 361	118 744
Total long-term interest bearing debt	653 361	518 788

Short-term interest bearing debt:

(NOK 1 000)	31.12.2015	31.12.2014
Liabilities to financial institutions	0	142 576
First year's instalment long-term debt	46 519	39 513
Total short-term interest bearing debt	46 519	182 089

Total interest bearing debt	699 880	700 877
Cash and cash equivalents	201 339	61 494
Net interest bearing debt	498 541	639 383
Unused credit facility long-term debt	0	100 000
Limit credit facility	400 000	400 000
Drawn upon credit facility	0	142 576
Unutilised drawing rights	400 000	357 424

Group loan agreements

In January 2014 Norway Royal Salmon ASA entered into an agreement with Danske Bank to refinance its credit facilities totalling NOK 900 million over five years. NOK 500 million is a long-term credit facility. The loan is instalment-free until 2020 and has subsequently an annual credit review for a further extension of 5 years. NOK 400 million is a short-term multi-currency overdraft facility. The agreement covers all companies in the Group.

Interest on the long-term debt is floating and linked to the 3-month NIBOR plus a margin. Interest on the multi-currency credit line is 3-month NIBOR/ 1-week LIBOR/Danish BOR plus a margin.

Leasing liabilities

At 31 December 2015 the book value of the company's leasing liabilities amounted to KNOK 199 847. Interest rates on these leasing liabilities are three-month NIBOR plus a margin.

Financial covenants:

The Group's loan covenants are based on standard ratios. The Group shall have 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. At the end of 2015 the Group is in compliance with the terms of its loan agreements.

Note 8. cont.

Foreign currency exposure in connection with company's interest bearing debt at 31.12.2015:

(NOK 1 000)	NOK	EUR	USD	SEK	JPY	Other	Total
Long-term interest bearing debt	653 361	0	0	0	0	0	653 361
Short-term interest bearing debt	-138 802	96 775	11 050	65 984	9 343	2 169	46 519
Total interest bearing debt	514 559	96 775	11 050	65 984	9 343	2 169	699 880

Short-term foreign exchange liabilities are hedging currency exposure on trade receivables.

Foreign currency exposure in connection with company's interest bearing debt at 31.12.2014:

(NOK 1 000)	NOK	EUR	USD	SEK	JPY	Other	Total
Long-term interest bearing debt	518 788	0	0	0	0	0	518 788
Short-term interest bearing debt	77 589	58 966	14 419	28 626	3 586	-1 096	182 089
Total interest bearing debt	596 377	58 966	14 419	28 626	3 586	-1 096	700 877

Short-term foreign exchange liabilities are hedging currency exposure on trade receivables.

Maturity structure of Group's interest-bearing debt:

(NOK 1 000)	31.12.2015	2016	2017	2018	2019	2020	After 2020
Long-term debt to financial institutions *	500 033	33	0	0	0	500 000	0
Interest on long-term debt	50 575	14 450	14 450	14 450	7 225	0	0
Long-term finance leases *	199 846	47 984	44 399	36 275	27 559	19 631	24 000
Interest on finance leases	14 843	5 240	3 864	2 662	1 711	1 008	358
Short-term debt to financial institutions	0	0	0	0	0	0	0
Total interest bearing debt	765 297	67 707	62 713	53 387	36 495	520 639	24 358

* First year's instalment long-term debt are in the Group accounts classified as short-term debt. In this note it is presented as long-term debt.

Maturity structure of Group's interest-bearing debt:

(NOK 1 000)	31.12.2014	2015	2016	2017	2018	2019	After 2019
Long-term debt to financial institutions *	400 088	45	43	0	0	400 000	0
Interest on long-term debt	52 483	13 122	13 121	13 120	13 120	0	0
Long-term finance leases *	158 213	39 468	34 603	28 956	22 382	14 463	18 341
Interest on finance leases	12 317	4 396	3 219	2 209	1 394	809	290
Short-term debt to financial institutions	0	0	0	0	0	0	0
Total interest bearing debt	142 576	142 576	0	0	0	0	0
Sum rentebærende gjeld	765 677	199 607	50 986	44 285	36 896	415 272	18 631

* First year's instalment long-term debt are in the Group accounts classified as short-term debt. In this note it is presented as long-term debt.

Note 9. Pledges and guarantees etc.

Reported liabilities secured by pledge:

(NOK 1 000)	31.12.2015	31.12.2014
Long-term liabilities to financial institutions	500 033	400 088
Long-term finance leases	199 847	142 576
Other secured liabilities	0	158 213
Total liabilities secured by pledges	699 880	700 877
Guarantee obligations and guarantor liabilities	0	7

Book value of assets pledged:

(NOK 1 000)	31.12.2015	31.12.2014
Concessions	648 887	648 887
Property, plant and equipment	357 948	289 052
Inventories and biological assets	870 559	848 944
Trade receivables	500 689	421 691
Total book value of pledged assets	2 378 083	2 208 574

Note 10. Investments in associates

2015 (NOK 1 000)	Business local authority	Share- holding	Book value 31.12.2014	Share of result for the year	Dividend received	Changes directly against equity	Book value 31.12.2015
Company							
Wilsgård Fiskeoppdrett AS	Torsken	37.50 %	58 398	6 335	0	0	64 733
Måsøval Fishfarm AS	Frøya	36.10 %	17 268	5 417	-5 956	0	16 729
Hellesund Fiskeoppdrett AS*	Lillesand	33.50 %	43 121	10 009	-1 006	-129	51 995
Hardanger Fiskeforedling AS	Kvam	31.10 %	8 128	882	-467	0	8 544
Espevær Laks AS**	Bømlo	33.33 %	1 107	-885	0	2 000	2 222
Ranfjord Fiskeprodukter AS	Mo i Rana	37.75 %	18 855	1 834	0	0	20 689
Skardalen Settefisk AS**	Kåfjord	30.00 %	3 229	-837	0	2 640	5 032
Other			48	0	0	0	48
Total associates			150 155	22 755	-7 429	4 511	169 991

Wilsgård, Måsøval and Hellesund are engaged in fish farming activities. Hardanger and Espevær are operating harvesting plants and Ranfjord and Skardalen are smolt producers.

The Group's share of fair value adjustments in connection with biomass at associates was KNOK 861 as of 31 December 2015. The fair value adjustments at the start of the year were KNOK 6 883. The decrease of KNOK 6 022 is included in income from associates.

*Change directly against equity is a correction from 2014.

** Capital contribution

Note 10 cont.

Some associates own shares in Norway Royal Salmon ASA. These are recognised at cost in the accounts of the companies. The Group accounts include the Group's share of result from associates by using the equity method. The equity method is considered a consolidation method and the fair value of the shares that the associates companies own it thus not included in the Group accounts.

Associates that own shares in NRS as of 31 December 2015:

	Share-holding	Number of shares	Cost	Fair value	Fair value adjustment	NRS' share of fair value adjustment
Wilsgård Fiskeoppdrett AS	37.50 %	486 627	6 231	38 930	32 699	12 262
Måsøval Fishfarm AS	36.10 %	249 413	783	19 953	19 170	6 920
Hellesund Fiskeoppdrett AS	33.50 %	1 600 444	13 190	128 036	114 845	38 473
Totalt		2 336 484	20 204	186 919	166 715	57 656

2014 (NOK 1 000)	Business local authority	Share-holding	Book value 31.12.2013	Share of result for the year	Dividend received	Acquisitions/disposals	Book value 31.12.2014
Company							
Wilsgård Fiskeoppdrett AS	Torsken	37.50 %	51 301	9 853	-2 756	0	58 398
Måsøval Fishfarm AS	Frøya	36.10 %	16 603	6 982	-6 317	0	17 268
Hellesund Fiskeoppdrett AS	Lillesand	33.50 %	35 394	8 230	-503	0	43 121
Hardanger Fiskeforedling AS	Kvam	31.10 %	6 690	1 438	0	0	8 128
Espevær Laks AS	Bømlo	37.50 %	1 134	-27	0	0	1 107
Ranfjord Fiskeprodukter AS*	Mo i Rana	37.75 %	18 495	523	0	-163	18 855
Skardalen Settefisk AS	Kålfjord	30.00 %	3 092	137	0	0	3 229
Other			48	0	0	0	48
Total associates			132 758	27 136	-9 576	-163	150 155

The Group's share of fair value adjustments in connection with biomass at associates was KNOK 6 883 as of 31 December 2014. The fair value adjustments at the start of the year were KNOK 7 515. The decrease of KNOK 632 is included in income from associates.

* Change directly against equity is a correction from 2013.

Associates that own shares in NRS as of 31 December 2014:

	Share-holding	Number of shares	Cost	Fair value	Fair value adjustment	NRS' share of fair value adjustment
Wilsgård Fiskeoppdrett AS	37.50 %	481 001	6 231	31 145	24 914	9 343
Måsøval Fishfarm AS	36.10 %	246 529	783	15 963	15 180	5 480
Hellesund Fiskeoppdrett AS	33.50 %	1 581 941	13 190	102 431	89 240	29 896
Total		2 309 471	20 204	149 538	129 334	44 718

Summary of financial information for investments (100 % basis) – converted to IFRS:

2015 (NOK 1 000)	Wilsgård Fiske- oppdrett AS	Måsøval Fish farm AS	Hellesund Fiske- oppdrett AS	Ranfjord Fiskepro- dukter AS	Hardanger Fiskefore- dling AS	Espevær Laks AS	Skardalen Settefisk AS
Operating revenues	164 515	108	99 446	55 948	53 466	50 707	11 262
Depreciation	5 629	50	1 801	2 488	3 241	1 834	1 100
Net interest expenses	-2 620	-50	1 854	-1 322	53	-557	-376
Result before tax	14 763	25 806	42 752	7 565	3 895	-8 784	-3 775
Net result for the year	16 892	18 839	29 877	4 859	2 835	-8 428	-2 790
Current assets	207 636	38 619	115 624	27 485	14 816	10 650	8 608
Non-current assets	135 138	13 195	28 441	34 025	20 652	5 413	40 450
Current liabilities	135 943	6 862	22 291	13 782	7 991	4 740	11 481
Non-current liabilities	80 090	19 944	1 841	25 369	0	4 657	20 799
Net assets	126 741	25 008	119 933	22 359	27 477	6 666	16 778
Net interest bearing debt	116 758	0	0	21 190	0	1 803	20 456

2014 (NOK 1 000)	Wilsgård Fiskeopp- drett AS	Måsøval Fish farm AS	Hellesund Fiske- oppdrett AS	Ranfjord Fiskepro- dukter AS	Hardanger Fiske- foredling AS	Espevær Laks AS	Skardalen Settefisk AS
Operating revenues	152 035	207	74 873	44 829	54 131	46 362	14 020
Depreciation	3 728	441	1 572	2 448	3 110	1 814	761
Net interest expenses	-1 001	375	672	-1 583	-42	-831	-207
Result before tax	34 937	26 451	32 800	1 954	5 782	-5	593
Net result for the year	26 275	19 341	24 566	1 386	4 623	-73	414
Current assets	159 185	40 221	103 766	24 554	13 488	3 845	15 198
Non-current assets	76 749	13 058	40 355	35 901	20 814	19 040	9 402
Current liabilities	84 530	5 682	37 529	21 344	8 169	14 263	11 274
Non-current liabilities	41 537	20 798	13 143	21 611	0	5 671	2 561
Net assets	109 867	26 799	93 448	17 500	26 133	2 951	10 765
Net interest bearing debt	48 202	0	0	30 006	0	8 982	7 173

Note 11. Other current liabilities

Specification of other short-term liabilities:

(NOK 1 000)	31.12.2015	31.12.2014
Official taxes due	13 774	7 795
Interest rate swap	1 690	3 926
Accrued option costs	9 527	4 341
Holiday pay	8 433	8 363
Unrealised value forward currency contracts	39 006	31 677
Provision for onerous sales contracts	27 767	5 526
Shor-term liabilities related to licences	0	90 000
Other short-term liabilities and accruals	34 075	13 214
Total other short-term liabilities	134 271	164 842

Note 12. Operating expenses

Specification of other operating expenses:

(NOK 1 000)	2015	2014
Rental of premises and equipment	17 209	6 824
Maintenance	40 380	48 946
Off-balance sheet equipment	8 516	7 605
Fuel	10 132	9 291
External fees	14 685	12 194
Insurance	5 483	3 987
Bad debts	3 515	9 471
Other	34 698	22 168
Total other operating expenses	134 618	120 488

Non-recurring items

(NOK 1 000)	2015	2014
Costs related to verdict against Nord Senja Laks AS	6 330	0
Extraordinary mortality	25 000	31 911
Costs related to change in management	0	4 000
Total	31 330	35 911

Note 13. Taxation

TAX ON THE RESULT

Tax on the result is as follows:

(NOK 1 000)	2015	2014
Tax payable	3 180	2 032
Change in deferred tax	29 318	50 390
Tax on the result for the year	32 498	52 422

(NOK 1 000)	2015			2014		
	Before tax	Tax expense	After tax	Before tax	Tax expense	After tax
Cash flow hedges	-482	-121	-362	-25 077	-6 771	-18 306
Actuarial losses on benefits pension scheme	6 332	1 583	4 749	-9 130	-2 465	-6 665
Total tax recognised in comprehensive income	5 850	1 463	4 387	-34 207	-9 236	-24 971

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2015	2014
Result before tax	270 081	320 707
Tax calculated at nominal tax rate (28%)	72 922	86 591
Expenses not deductible for tax purposes	-10 741	-26 842
Equity method associates	-6 144	-7 327
Changes in deferred tax caused by reduced tax rate	-23 539	0
Tax on the result	32 498	52 422
Effective tax rate	12 %	16 %

DEFERRED TAX LIABILITIES

Breakdown of deferred tax and basis for deferred tax:

(NOK 1 000)	31.12.2015	31.12.2014
Intangible assets	452 091	452 091
Property, plant and equipment	3 482	-3 306
Inventory	829 004	808 370
Trade receivables	3 744	-4 017
Pensions	-12 479	-18 732
Other	40 921	6 574
Tax losses carried forward	-102 821	-230 814
Basis for deferred tax	1 213 942	1 010 166
Estimated deferred tax liabilities	303 485	272 742

Short- and long-term breakdown of deferred tax benefits and deferred tax liabilities:

(NOK 1 000)	31.12.2015	31.12.2014
<i>Deferred tax benefits:</i>		
Long-term tax items	-28 139	-68 519
Short-term tax items	-8 816	-8 490
<i>Deferred tax:</i>		
Long-term tax items	113 023	122 065
Short-term tax items	227 417	227 686
Deferred tax 31 December	303 485	272 742

Change in deferred tax liabilities in balance sheet:

(NOK 1 000)	2015	2014
Book value as of 1 January	272 742	231 640
Income statement charge	49 424	50 342
Tax effect relating to components of other comprehensive income	1 463	-9 236
Changes in deferred tax caused by reduced tax rate	-20 145	0
Book value 31 December	303 485	272 742

The Group has capitalised deferred tax related to tax loss carryforwards. This has been done on the assumption that the Group will be able to apply them against future taxable revenues. All Group companies are located in Norway and are subject to a nominal tax rate of 27 per cent for 2015 and 25 per cent for 2016. Losses carried forward within the Group have no expiry date.

Note 14. Fair value adjustments

Fair value is part of consolidated EBIT, but is presented on a separate line to give a better understanding of the Group's operating results on goods sold.

Specification of fair value adjustments in the income statement:

(NOK 1 000)	Note	2015	2014
Change in fair value adjustments of biomass	5	-2 808	53 488
Change in provision for sales contracts		-22 241	-5 526
Change in fair value on financial Fish Pool contracts	16	49 465	9 494
Total fair value adjustments		24 416	57 456

Specification of fair value adjustments in the balance sheet:

(NOK 1 000)		31.12.2015	31.12.2014
Fair value adjustments of biomass	5	197 394	200 202
Provision for sales contracts		-27 767	-5 526
Fair value financial Fish Pool contracts	16	62 286	12 821
Total fair value adjustments		231 913	207 497

Note 15. Financial instruments by category

The principles applied for subsequent measurement of financial instruments in the balance sheet are as follows:

As of 31 December 2015

(NOK 1 000)	Loans and receivables at amortised cost	Assets at fair value through profit or loss	Derivatives used for hedging purposes	Available-for-sale	Total
Available-for-sale financial assets	0	0	0	395	395
Derivatives**	0	36 758	66 677	0	103 435
Trade and other receivables*	545 297	0	0	0	545 297
Cash and cash equivalents**	201 339	0	0	0	201 339
Total	746 636	36 758	66 677	395	850 466

* Trade and other receivables exclude prepayments

** Unrealised value of Fish Pool contracts have daily cash settlements against a bank account. Unrealised value of KNOK 62 286 is posted on a bank account which is part of the Group's cash pool.

(NOK 1 000)	Liabilities at fair value through profit or loss	Derivatives used for hedging purposes	Other financial liabilities at amortised cost	Total
Loans (excluding finance leases)	0	0	500 033	500 033
Finance leases	0	0	199 847	199 847
Derivatives	0	33 823	0	33 823
Trade and other payables *	0	0	617 104	617 104
Total	0	33 823	1 316 984	1 350 807

* Trade and other payables excluding statutory liabilities

As of 31 December 2014

(NOK 1 000)	Loans and receivables at amortised cost	Assets at fair value through profit or loss	Derivatives used for hedging purposes	Available- for-sale	Total
Available-for-sale financial assets	0	0	0	1 895	1 895
Derivatives**	0	112 126	17 072	0	129 198
Trade and other receivables*	449 384	0	0	0	449 384
Cash and cash equivalents**	61 494	0	0	0	61 494
Total	510 878	112 126	17 072	1 895	641 971

* Trade and other receivables exclude prepayments

** Unrealised value of Fish Pool contracts have daily cash settlements against a bank account. Unrealised value of KNOK 12 821 is posted on a bank account which is part of the Group's cash pool.

(NOK 1 000)	Liabilities at fair value through profit or loss	Derivatives used for hedging purposes	Other financial liabilities at amortised cost	Total
Loans (excluding finance leases)	0	0	542 665	542 665
Finance leases	0	0	158 212	158 212
Derivatives	0	35 513	0	35 513
Trade and other payables *	0	0	547 865	547 865
Total	0	35 513	1 248 742	1 284 255

* Trade and other payables excluding statutory liabilities

Fair value of financial instruments

Fair value of financial instruments recognised at amortised cost

The Group assumes that the recognised value of financial assets and liabilities that are recognised at amortised cost is approximately equal to the fair value of those instruments.

Fair value measurement of financial instruments

Financial instruments which are valued at fair value at the balance sheet date under IFRS 7 are grouped according to a valuation hierarchy based on the level of observability of the market value for establishment and disclosure of fair value of financial instruments:

Level 1: Listed price in an active market for an identical asset or liability

Level 2: Valuation based on other observable factors either directly (price) or indirectly (price-derived) than listed price (used in level 1) for assets or liabilities

Level 3: Valuation based on factors not taken from observable markets (non-observable assumptions)

Note 15 cont.

The table below shows the Group's assets and liabilities measured at fair value as of 31 December 2015:

(NOK 1 000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
– Derivatives held for trading purposes	0	36 758	0	36 758
– Securities held for trading purposes	0	0	0	0
Derivatives used for hedging	0	66 677	0	66 677
Available-for-sale financial assets				
– Equity instruments	0	0	395	395
– Debt instruments	0	0	0	0
Total assets	0	103 435	395	103 830
Liabilities				
Financial liabilities at fair value through profit or loss				
– Derivatives held for trading purposes	0	0	0	0
– Derivatives used for hedging	0	36 305	0	36 305
Total liabilities	0	36 305	0	36 305

The table below shows the Group's assets and liabilities measured at fair value as of 31 December 2014:

(NOK 1 000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
– Derivatives held for trading purposes	0	112 126	0	112 126
– Securities held for trading purposes	0	0	0	0
Derivatives used for hedging	0	17 072	0	17 072
Available-for-sale financial assets				
– Equity instruments	0	0	1 895	1 895
– Debt instruments	0	0	0	0
Total assets	0	129 198	1 895	131 093
Liabilities				
Financial liabilities at fair value through profit or loss				
– Derivatives held for trading purposes	0	0	0	0
– Derivatives used for hedging	0	35 513	0	35 513
Total liabilities	0	35 513	0	35 513

Note 16. Derivatives

As of 31 December 2015

(NOK 1 000)	Bank deposits	Other short-term receivables	Other current liabilities
Forward currency contracts	0	4 391	34 615
Financial Fish Pool contracts*	62 286	0	0
Total return swap	0	36 758	0
Interest rate swap	0	0	1 690
Total	62 286	41 149	36 305

* Unrealised value of Fish Pool contracts have daily cash settlements against a bank account. Unrealised value of KNOK 62 286 is posted on a bank account which is part of the Group's cash pool and hence part of the Group's bank deposits.

As of 31 December 2014

(NOK 1 000)	Bank overdraft	Other short-term receivables	Other current liabilities
Forward currency contracts	0	4 251	31 587
Financial Fish Pool contracts*	12 821	0	0
Total return swap	0	112 126	0
Interest rate swap	0	0	3 926
Total	12 821	116 377	35 513

* Unrealised value of Fish Pool contracts have daily cash settlements against a bank account. Unrealised value of KNOK 12 821 is posted on a bank account which is part of the Group's cash pool and hence part of the Group's overdraft facility.

Forward currency contracts

Forward currency contracts are recognised at fair value at the balance sheet date. At 31 December 2015 forward currency contracts totalled EUR, USD, JPY and GBP. These contracts mature between 5 January 2016 and 8 December 2017 and are used to hedge cash flows expected to arise during this period and reduce foreign currency exposure on receivables.

As of 31 December 2015

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	34 502	16.01.16-25.01.17	8.320-9.643	-8 964
Forward currency contracts – cash flow hedging	Sale	USD	20 150	05.01.16-08.12.17	6.252-8.787	-14 545
Forward currency contracts – cash flow hedging	Sale	GBP	22 987	05.01.16-15.02.17	10.719-13.216	-8 325
Forward currency contracts – cash flow hedging	Sale	JPY	102 464	20.01.16-20.06.16	0.0694-0.0715	-300
Forward currency contracts – fair value hedging	Sale	USD	6 000	04.04.2016	8.7468	-2 059
Forward currency contracts – fair value hedging	Sale	EUR	22 000	04.04.2016	9.590	-2 332
Total forward currency contracts						-36 524

Note 16 cont.

As of 31 December 2014

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	9 376	02.01.15-30.12.15	8.217-9.672	-2 046
Forward currency contracts – cash flow hedging	Sale	USD	14 307	05.01.15-20.01.16	6.038-6.836	-14 205
Forward currency contracts – cash flow hedging	Sale	GBP	17 715	15.01.15-05.02.16	9.890-11.974	-15 342
Forward currency contracts – cash flow hedging	Sale	JPY	29 612	15.01.2015	0.0603	-84
Forward currency contracts – fair value hedging	Sale	USD	10 000	19.03.2015	7.379-7.540	527
Forward currency contracts – fair value hedging	Sale	EUR	24 000	19.03.2015	8.823-9.431	3 724
Total forward currency contracts						-27 426

The cash flow hedging satisfy the demands for hedge accounting and the changes in unrealised value are recognised in other comprehensive income. Realised profit/loss on the contracts are recognised in revenues.

Specification of cash flow hedges over OCI

	Cash flow hedges per 01.01	Cash flow hedges per 31.12	Inefficiency	Gross change	Tax	Over OCI
2015	-31 677	-32 133	-26	-456	121	-362
2014	-6 972	-31 677	-372	-24 705	6 771	-18 306

Financial Fish Pool contracts

Contracts have been signed to purchase 11 790 tonnes on the Fish Pool salmon exchange. The contract prices are in the range NOK 40.75–NOK 51.50 and cover the period from January 2016 to December 2017. The sales department enters into the contracts with the aim of hedging margins linked to deliveries of fixed-price contracts to customers.

As of 31 December 2015

(NOK 1 000)	Type	Currency	Volume (tonnes)	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Purchase	NOK	11 970	01.01.16-31.12.17	40.75-51.50	62 286
Total forward currency contracts						62 286

As of 31 December 2014

(NOK 1 000)	Type	Currency	Volume (tonnes)	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Purchase	NOK	8 052	01.01.15-31.01.16	40.50-48.50	12 821
Total forward currency contracts						12 821

Total return swap

In 2015 the company entered into TRS (Total Return Swap) agreements against own shares. At 31 December 2015, Norway Royal Salmon ASA's total underlying exposures through TRS agreements is 2 991 424 shares, representing 6.87 per cent of the share capital of the company. The agreements expires in the period 17.03.2016 to 26.05.2016. The exercise price is between NOK 66.4650 and NOK 75.9631. TRS-agreements are recognised at fair value and changes in fair value are recognised in financial items. The company has realised previously entered into agreements during 2015. The gain on realisation amounts to KNOK 120 536 (2014: KNOK 5 147) and is posted as a finance post in the accounts. Unrealised loss on the agreements in 2015 was KNOK 75 368 (2014: Gain on KNOK 95 267).

As of 31 December 2015

(NOK 1 000)	No. of shares	Exercise price	Maturity	Book value
TRS 1	2 424 386	66.4650	17.03.2016	34 274
TRS 2	567 038	75.9631	26.05.2016	2 483
Total	2 991 424			36 758

As of 31 December 2014

(NOK 1 000)	No. of shares	Exercise price	Maturity	Book value
TRS 1	2 396 348	30.3077	19.03.2015	83 720
TRS 2	759 299	33.2873	12.03.2015	23 441
TRS 3	394 242	52.3399	12.03.2015	4 965
Total	3 549 889			112 126

Interest rate swap

NRS entered has an interest rate swap agreement. The interest rate swap is not recognized as hedge accounting. Subsequent the fair value changes on the agreement will be charged to the income statement as a part of other net financial items.

As of 31 December 2015

Currency	Amount	NRS pays	NRS receives	Maturity	Market value 31.12.2014	Market value 31.12.2015	Change in market value 2015
NOK	100 000	Fixed 3.37%	3 mnd NIBOR	07.09.2016	-3 926	-1 690	2 236

As of 31 December 2014

Currency	Amount	NRS pays	NRS receives	Maturity	Market value 31.12.13	Market value 31.12.2014	Change in market value 2014
NOK	100 000	Fixed 3.37%	3 mnd NIBOR	07.09.2016	-3 774	-3 926	-152

Note 17. Cash and cash equivalents

(NOK 1 000)	31.12.2015	31.12.2014
Bank deposits	201 339	61 494
Cash and cash equivalents	201 339	61 494
Of which restricted bank balances	68 508	61 433

Of the restricted deposits KNOK 50 796 (2014: KNOK 39 149) is pledged as collateral related to the company's trading at Fish Pool. KNOK 13 677 (2014: KNOK 8 959) is pledged as collateral related to its TRS agreements. The rest is related to guaranties and tax accounts.

Note 18. Personnel expenses and benefits

Wages and personnel expenses

(NOK 1 000)	2015	2014
Wages and salaries	93 190	87 103
National insurance contributions	9 734	8 562
Pension costs defined contribution scheme	713	658
Pension costs defined benefit scheme	5 583	4 189
Other benefits	4 047	4 044
Total wages and personnel expenses		
Total wages and personnel expenses	113 268	104 557
Average full-time equivalents	132	129

REMUNERATION TO SENIOR MANAGEMENT AND BOARD OF DIRECTORS:

Senior management

2015 (NOK 1 000)	Salary	Fees ¹⁾	Bonus	Share-based payments	Payments in kind	Total	Accrued pension costs ²⁾
Charles Høstlund, CEO	2 387	60	250	2 876	133	5 705	156
Ola Loe, CFO	1 692	50	213	2 152	38	4 146	82
John Gunnar Grindskar, COO farming ³⁾	1 181	0	0	0	15	1 196	140
Klaus Hatlebrekke, COO market and business development	1 452	0	180	1 537	24	3 192	108
Total	6 712	110	643	6 564	209	14 239	485

1) Fees are directors' fees paid by subsidiaries.

2) Accrued pension cost are entitlements under the defined benefits pension scheme for the year. The employees own share of 2 per cent of gross salary has not been deducted.

3) John Gunnar Grindskar started as COO farming on 26 January 2015

2014 (NOK 1 000)	Salary	Fees ¹⁾	Bonus	Share-based payments	Payments in kind	Total	Accrued pension costs ²⁾
Charles Høstlund, CEO ³⁾	791	0	0	0	50	841	66
John Binde, CEO ⁴⁾	2 117	90	170	1 519	838	4 734	0
Ola Loe, CFO	1 610	50	124	1 063	41	2 888	489
Roger Bekken, COO farming ⁵⁾	932	80	100	760	25	1 896	0
Klaus Hatlebrekke, COO market and business development	1 389	0	108	760	32	2 288	278
Total	6 839	220	502	4 101	985	12 648	833

1) Fees are directors' fees paid by subsidiaries.

2) Accrued pension cost are entitlements under the defined benefits pension scheme for the year. The employees own share of 2 per cent of gross salary has not been deducted.

3) Charles Høstlund started as Chief Executive Officer on 1 October 2014

4) John Binde resigned from his position as Chief Executive Officer on 30 September 2014

5) Roger Bekken resigned from his position as Chief Operating Officer farming on 30 September 2014

Directors fee:

(NOK 1 000)	2015	2014
Helge Gåsø, Board Chair ¹⁾	375	445
Kristine Landmark, Vice Chair	270	270
Åse Marie Valen Olsen	0	250
Endre Glastad	270	270
Inge Kristoffersen	275	275
Trude Olafsen	250	0
Marianne E. Johnsen	270	0
Eva Maria Kristoffersen	0	17
Fredd Wilsgård	4	0
Total	1 714	1 527

1) Includes directors' fees received from subsidiaries in the amounts of KNOK 0 in 2015 and KNOK 70 in 2014.

Share-based incentive scheme

In 2014 a bonus scheme based on synthetic options was entered into for the Group management. The bonus scheme confers the right to a cash bonus based on the average price performance of the company's shares in a period from 29 March 2014 and 24 June 2014 (the CEO's scheme) and 1 February 2015 (the COO farming bonus scheme). Bonuses are calculated 12, 24 and 36 months after 29 March and 24 June, and the bonus scheme involves an obligation to invest net bonuses after 50 per cent tax in Norway Royal Salmon shares at their market price at each date. Shares purchased under the bonus scheme will be subject to a 12-month lock-in period. All bonus payments are contingent on full-time employment with the company. Bonuses are based on the increase in value of shares in Norway Royal Salmon from respectively 29 March 2014, 24 June 2014 and 1 February 2015 until the given deadlines, and in proportion to the price increase in the period for 550 000 shares for the CEO and from 150 000 to

210 000 shares for other senior executives. At 1 January 2015 there were 910 000 outstanding options. In the first quarter of 2015 expired 120 000 options. At the time of exercise, the weighted average share price was NOK 61.28. The exercise price at the time of exercise was NOK 30.54. In the second quarter expired 150 000 of the CEO's options. At the time of exercise, the weighted average share price was NOK 63.58. The exercise price at the time of exercise was NOK 44.45. At 31 December 2015 the scheme includes 790 000 shares distributed to the Group management. The exercise price of the CEO's options at 31 December 2015 is NOK 44.45. The exercise of the COO farming options at 31 December 2015 is NOK 57.96. The exercise price of the other executives' options at 31 December 2015 is NOK 29.04. In 2015, a cost of KNOK 8 682 (2014: KNOK 6 431) is recognized in the income statement in connection with the option scheme, in addition a current liability of KNOK 9 527 (2014: KNOK 4 341) is recognized in the balance sheet.

Movements in the number of outstanding options and related weighted average exercise prices are as follows:

	2015		2014	
	Average exercise price	Number	Average exercise price	Number
1. January	39.85	910 000	17.55	330 000
Allocated	59.46	150 000	40.72	910 000
Exercised	38.27	-270 000	17.55	-330 000
31. December	42.33	790 000	39.85	910 000

Note 18 cont.

Outstanding options at end of the year have following the exercise date and exercise prices:

Awarded	Exercise date	Exercise price	Number	
			2015	2014
31.03.2014	29.03.2015	30.54	0	120 000
20.06.2014	24.06.2015	44.45	0	150 000
31.03.2014	29.03.2016	29.04	120 000	120 000
01.02.2015	29.03.2016	57.96	50 000	0
20.06.2014	24.06.2016	44.45	150 000	150 000
31.03.2014	29.03.2017	29.04	120 000	120 000
01.02.2015	29.03.2017	57.96	50 000	0
20.06.2014	24.06.2017	44.45	250 000	250 000
01.02.2015	29.03.2018	57.96	50 000	0
			790 000	910 000

Note 19. 19. Pension costs and liabilities

As of 31 December 2015, all the Group's employees were members of various pension schemes. Companies in Norway are required to operate occupational pension schemes under the Norwegian Mandatory Occupational Pensions Act. The schemes offered by all Group companies meet statutory requirements.

Subsidiaries have defined contribution schemes for the employees. In addition, some employees participate in an early retirement scheme (AFP). The scheme is funded through grants from the participating companies and is a defined benefit multi-employer plan. There is currently insufficient information to estimate the liability for the AFP scheme and fees are therefore recognized in the same way as contribution schemes. The fee is determined by the LO/NHO organisations.

The parent company operates a defined benefits pension scheme, covering 37 people. The pension scheme

provides an entitlement to defined future benefits, the size of which is largely dependent on the number of years' entitlement, salary upon retirement and state pension benefits. The scheme is financed externally through a pension fund. In combination with the state pension and with full entitlement, the scheme entitles members to around 66 per cent of basic salary up to 12G from the age of 67 (G being the Norwegian National Insurance Scheme's basic unit of calculation).

The Norwegian Accounting Standards Board has announced that the market interest rate for covered bonds (OMF) can be used as the discount rate when estimating the future pension liabilities. NRS finds it appropriate to use the market interest rate for covered bonds as the discount rate for its pension liability. NRS believes there is a deep market in covered bonds that satisfy the requirements of high quality. NRS have in their calculations per 31.12.2015, used a discount rate of 2.7 per cent.

Pension costs:

(NOK 1 000)	2015	2014
Current service cost	4 203	3 051
Interest cost	468	452
National insurance contributions	617	457
Administrational expenses	74	64
Employee contributions to scheme	-491	-460
Net pension costs service – defined benefit scheme	4 870	3 564
Costs of defined contribution pension scheme	713	658
Early retirement scheme	711	625
Total pension costs	6 294	4 847

Assumptions:

	2015	2014
Discount rate	2.70 %	2.30 %
Future salary increases	2.50 %	2.75 %
Inflation rate	2.25 %	2.50 %
Future pension increase	0.00 %	0.00 %

Demographic factors:

Early retirement	IR02 level	IR02 level
Mortality rate	K2013 BE	K2013 BE

Number of employees in the scheme:

Active	37	34
Pensioners	5	5
Total	42	39

	2015	2014
Paid into scheme during the year	4 629	4 154
Forecast payment to scheme next year	4 800	4 269

Calculation of amount recognised in the balance sheet:

(NOK 1 000)	31.12.2015	31.12.2014
Present value of funded obligations	44 561	46 702
Fair value of plan assets	-32 083	-27 970
Net pension liabilities in balance sheet	12 480	18 733

Note 19 cont.

Change in present value pension liabilities:

(NOK 1 000)	2015	2014
Pension liabilities as of 1 January	46 702	35 855
Current service cost	4 905	3 624
Interest expense	1 073	1 460
Pension payments	-359	-356
National insurance contributions on this years payment	-653	-586
Actuarial losses/ (gain)	-7 107	6 705
Pension liabilities as of 31 December	44 561	46 702

Change in estimated fair value of plan assets:

(NOK 1 000)	2015	2014
Estimated fair value of plan assets as of 1 January	27 970	25 537
Return on plan assets	618	1 060
Contributions paid	5 282	4 740
Pension payments	-359	-356
National insurance contributions on this years payment	-653	-586
Actuarial losses/ (gain) over other comprehensive income	-775	-2 425
Plan assets as of 31 December	32 083	27 970

Pension funds are made up as follows:

(NOK 1 000)	2015	2014
Money market fund	26.1 %	24.3 %
Shares	5.4 %	8.3 %
Short-term bonds	13.6 %	14.1 %
Long-term bonds	33.6 %	31.8 %
Property	13.7 %	14.9 %
Other	7.6 %	6.6 %
Total	100.0 %	100.0 %

Sensitivity calculations

The Group's pension liabilities and costs are based on assumptions as described above. Changes in these assumptions will result in changes in liability. A 1 per cent increase in the discount rate would result in a gross pension liability of KNOK 4 113. Conversely, reducing

the discount rate by 1 per cent would result in a gross pension liability of KNOK 23 651. A 1 per cent increase in the future salary increases, would result in a gross pension liability of KNOK 19 832. Conversely, reducing the future salary increases by 1 per cent would result in a gross pension liability of KNOK 5 769.

Note 20. Financial income and financial expenses

(NOK 1 000)	2015	2014
Interest income	882	935
Inefficiency cash flow hedging	26	372
Unrealised gains on TRS agreements	0	95 267
Change in market value interest rate swap	2 236	0
Realised gains on TRS agreements	120 536	5 147
Other financial income	0	46
Financial income	123 680	101 767
Interest expenses	24 859	22 434
Change in market value interest rate swap	0	152
Unrealised loss on TRS agreements	75 368	0
Other financial expenses	2 436	1 130
Financial expenses	102 663	23 716
Net financial items	21 016	78 051

Note 21. Share capital and shareholder information

Share capital in parent company as of 31 December 2015:	No. of shares	Nominal	Value
Ordinary shares	43 572 191	1.00	43 572 191

The company only has one class of shares. All shares confer the same rights in the company.

OWNERSHIP STRUCTURE – THE 20 LARGEST SHAREHOLDERS AS OF 31 DECEMBER 2015:

Shareholder	No. of shares	Shareholding	Voting rights
GÅSØ NÆRINGSUTVIKLING AS	6 551 233	15.04 %	15.04 %
GLASTAD INVEST AS	5 697 888	13.08 %	13.08 %
EGIL KRISTOFFERSEN OG SØNNER AS	4 621 812	10.61 %	10.61 %
SPAREBANK 1 MARKETS AS	4 101 381	9.41 %	9.41 %
HAVBRUKSINVEST AS	3 661 268	8.40 %	8.40 %
MÅSØVAL EIENDOM AS	3 607 135	8.28 %	8.28 %
DNB NOR MARKETS. AKSJEHAND/ANALYSE	1 956 202	4.49 %	4.49 %
HELLESUND FISKEOPPDRETT A/S	1 600 444	3.67 %	3.67 %
NYHAMN AS	1 170 092	2.69 %	2.69 %
LOVUNDLAKS AS	1 038 272	2.38 %	2.38 %
THE NORTHERN TRUST CO.	718 472	1.65 %	1.65 %
STATE STREET BANK AND TRUST CO.	614 894	1.41 %	1.41 %
WILSGÅRD FISKEOPPDRETT AS	486 627	1.12 %	1.12 %
MP PENSJON PK	467 949	1.07 %	1.07 %
JP MORGAN CHASE BANK. NA	429 094	0.98 %	0.98 %
HENDEN FISKEINDUSTRI AS	280 316	0.64 %	0.64 %
VERDIPAPIRFONDET DNB SMB	250 000	0.57 %	0.57 %
MÅSØVAL FISHFARM AS	249 413	0.57 %	0.57 %
STATE STREET BANK AND TRUST CO.	243 737	0.56 %	0.56 %
FREWI AS	226 901	0.52 %	0.52 %
Total 20 largest shareholders	37 973 130	87.15 %	87.15 %
Total other shareholders	5 599 061	12.85 %	12.85 %
Total no. of shares	43 572 191	100.00 %	100.00 %

Note 21 cont.

Shares held by members of the board, CEO and senior executives:

	Occupation	No. of shares	Shareholding	Voting rights
Helge Gåsø v/ Gåsø Næringsutvikling AS	Chair	6 551 233	15.04 %	15.04 %
Kristine Landmark	Vice Chair	39 456	0.09 %	0.09 %
Endre T. Glastad v/ Glastad Invest AS	Board member	5 697 888	13.08 %	13.08 %
Charles Høstlund	CEO	22 613	0.05 %	0.05 %
Ola Loe	CFO	158 155	0.36 %	0.36 %
Klaus Hatlebrekke	COO Farming	96 398	0.22 %	0.22 %
John Gunnar Grindskar	COO Market and business development	158	0.00 %	0.00 %

Treasury shares:

The board is authorised to acquire treasury shares up to a total nominal value of NOK 4 357 219. This authority runs until the Annual General Meeting in 2016, however not later than 30 June 2016. On the acquisition of such shares, the purchase price per share may not be less than a nominal value of NOK 1.00 and not more than

NOK 120.00. The group owns 70 885 treasury shares at the end of 2015. In 2015 the company entered into TRS (Total return swap) agreements against own shares. At 31 December 2015 Norway Royal Salmon ASA's underlying exposure through TRS agreements is 2 991 424 shares, representing 6.87 per cent of the share capital in the company.

Treasury shares (NOK 1 000)

	No. of shares	Payment
Book value as of 1 January	33 739	-2 236
Purchase of treasury shares in the period	600 000	-38 549
Sale of treasury shares in the period	-562 854	35 958
Book value 31 December	70 885	-4 826

Board mandates:

The board is authorised to increase the share capital by up to NOK 4 357 219. This authority runs until the Annual General Meeting in 2016, however not later than 30 June 2016.

Dividend:

The board has proposed a dividend of NOK 113 287 697 (NOK 2.60 per share) based on the annual accounts for

the financial year 2015. The resolution will be adopted at the Annual General Meeting of 26 May 2016. In 2015 an ordinary dividend of NOK 63 358 287 (NOK 1.50 per share) was paid based on the annual accounts for the financial year 2014. The dividend was partly distributed in cash, 0.75 per share, totalling NOK 32 679 143 and partly by distribution of 510 130 shares. The dividend was transferred in June 2015.

Note 22. Earnings per share

Basic earnings per share is based on the earnings attributable to shareholders of the company and the weighted average number of ordinary shares outstanding for the year, less ordinary shares purchased by the company and held as treasury shares.

Result allocated to majority shareholders:

(NOK 1 000)	2015	2014
Majority share of net result for the year	229 633	254 348
Fair value adjustments	-16 711	-52 895
Tax on changes in fair value adjustments	4 177	14 282
Majority share of value-adjusted result for the year	217 099	215 735
Weighted average number of ordinary shares outstanding	43 510 262	43 494 336

Basic earnings per share:

	2015	2014
Basis	5.28	5.85
Diluted	5.28	5.85

Value-adjusted earnings per share:

	2015	2014
Basis	4.99	4.96
Diluted	4.99	4.96

Shares outstanding:

(NOK 1 000)	2015	2014
Shares outstanding as of 1 January	43 538 452	43 542 106
Effect of purchase of treasury shares	-37 146	-3 654
Shares outstanding as of 31 December	43 501 306	43 538 452

Note 23. Inventory

(NOK 1 000)	31.12.2015	31.12.2014
Raw materials	27 034	22 927
Finished goods	13 596	17 343
Total inventory	40 630	40 270

Raw materials mainly comprise feed for the farming business. Finished products comprise frozen salmon for resale.

Note 24. Operating leases

The Group leases a large number of non-current assets defined as finance leases. In addition to items defined as finance leases and recognised in the company's balance sheet, the company also has property rental leases and leases for some smaller equipment.

Specification of operating leases: (NOK 1 000)	Lease term	Annual leasing charges
Property lease Trondheim	30.06.2020	1 099
Property lease Kristiansand	Three months' notice	297
Property rental leases		2 066
Leases other equipment		839
Annual operating lease costs		4 301

Note 25. Auditor's fees

(NOK 1 000)	2015	2014
Statutory auditing services	296	306
Other attestation services	36	39
Tax advisory services	11	0
Other services	25	0
Total auditor's fees	368	345

All auditor's fees are exclusive VAT.

Note 26. Available-for-sale financial assets

2015

(NOK 1 000)	31.12.2014	Sale	31.12.2015
Available-for-sale financial assets	1 895	-1 500	395
Total available-for-sale financial assets	1 895	-1 500	395

2014

(NOK 1 000)	31.12.2013	Sale	Purchase	31.12.2014
Available-for-sale financial assets	1 395	-	500	1 895
Total available-for-sale financial assets	1 395	0	500	1 895

All the Group's investments in the available-for-sale are unlisted shares and recognised at fair value. Other shares are financial instruments available for sale and recorded at fair value. The original cost is used as an estimate of fair value. They are included in Level 3 of the fair value hierarchy (see Note 14).

Available-for-sale financial assets comprise:

(NOK 1 000)	Eierandel	31.12.2015	31.12.2014
Company			
Espevær Eiendom AS	16.07 %	0	500
Arctic Filet AS	16.00 %	0	1 000
Other unlisted shares		395	395
Total available-for-sale financial assets		395	1 895

Note 27. Related parties

Group transactions with related parties:

Goods and services purchased

(NOK 1 000)	2015	2014
Associates – products purchased	258 684	217 355
Associates – services purchased	25 087	22 412
Enterprise controlled by large shareholder – purchase of products	2 010	11 613
Enterprise controlled by board members – purchase of services	9 267	9 845
Total goods and services purchased from related parties	295 048	261 225

The company conducts transactions on normal terms with associates and chain members who are also shareholders in NRS. This applies to the purchase of fish from fish-farming companies. The Group also buys smolt from associates. Purchases of smolt are made at market price

The Group buys in harvesting services from two of its associates. Harvesting services are purchased at market terms. Administrative services are also purchased and equipment is hired from one of the Group's associates

Well boat services are purchased from enterprises controlled by the company's Chair Helge Gåsø. The Group also purchase smolts from Nordland Aqua AS which is owned by one of the largest shareholders of NRS, Egil Kristoffersen og Sønner AS. Services and smolts are priced at market terms. In addition has Nordland Akva received a prepayment of MNOK 15 for smolts.

Trade payables due to services purchased:

(NOK 1 000)	2015	2014
Associates	68 794	78 094
Total services purchased from related parties	68 794	78 094

Loans to related parties:

(NOK 1 000)	2015	2014
Loans to the former CEO:		
Book value 1 January	0	127
Repayment	0	-129
Interest added to loan	0	2
As of 31 December	0	0

Note 28. Contingent liabilities

Nord Senja Laks AS was the 17 February 2015 charged for violating the rules on the reporting and handling of occurrences of sea lice, for giving wrongful information to the Norwegian Food Safety Authority (Mattilsynet) and with one account of omission of ensuring proper supervision and care when placing fish in waiting cages for harvesting. The indictment concerned the company's aquaculture facility in Lenvik municipality in the period June 2012 to February 2013.

Norway Royal Salmon ASA owns 66.67 per cent of the shares in Nord Senja Laks AS.

The Senja District court passed a sentence on October 19, 2015 in the case. Briefly the verdict says; Nord

Senja Laks AS is sentenced to pay a fine of MNOK 5 and confiscation of MNOK 0.4. Nord Senja Laks AS was not sentenced to loss of licenses. Consequently, the verdict has no effect on the licenses held by Nord Senja Laks AS and future operations. On November 6. Økokrim filed a notice of appeal regarding the fine and the decision not to sentence Nord Senja Laks to loss of licenses.

Including legal costs the verdict result in a non-recurring cost in 2015 of MNOK 6.3. As the verdict is seen as a good estimated on the company's cost in this case no further provisions has been recognised in the accounts in 2015.

Note 29. Subsequent events

On the 4 March 2016 Norway Royal Salmon ASA («NRS») entered into an agreement with Botnhamn Fisk AS to acquire 135 shares in Nord Senja Laks AS («NSL»), corresponding to 33.3 per cent of the outstanding shares in NSL for a cash consideration of NOK 70 million. Following the transaction, NRS owns 100 per cent of the shares in NSL. The transfer of shares

was done 10. March 2016. The book value of the non-controlling interest at the date of the transaction was MNOK 56.4. The difference between book value and the consideration will be recognised against equity attributable to owners of the parent company in 2016. The cash consideration of NOK 70 million will be recognised directly against the equity of the Group.

Financial statements



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Income statement

(NOK 1 000)	Note	2015	2014
Sales revenues	2	3 171 282	2 577 739
Other operating revenues	2,13	8 445	6 311
Total sales revenues		3 179 728	2 584 050
Cost of materials	13	3 112 383	2 536 504
Personnel expenses	3,5	54 298	45 627
Depreciation	7	76	279
Other operating expenses	4,7	22 227	29 619
Total operating expenses		3 188 984	2 612 030
Net operating result		-9 256	-27 980
Financial items			
Income from associates and subsidiaries	6,8	157 988	143 564
Other interest income	6,13	11 873	7 665
Other financial income	6,17	122 797	5 554
Other interest expenses	6	-17 211	-15 344
Other financial expenses	6,17	-1 939	-1 222
Net financial items		273 507	140 216
Result before tax		264 250	112 236
Tax	12	1 394	9 590
Net result for the year		265 644	121 826
Allocations:			
Allocated to dividend	11	113 288	65 358
Allocated to reserve for valuation variances	11	106 573	23 072
Allocated to other equity	11	45 783	33 395
Total allocations		265 644	121 826

Balance sheet


ASSETS (NOK 1 000)	Note	31.12.2015	31.12.2014
Assets			
Non-current assets			
Intangible assets			
Deferred tax assets	12	14 973	29 859
Total intangible assets		14 973	29 859
Property, plant and equipment			
Fixtures, office equipment, etc.	7,15	1 069	76
Total property, plant and equipment		1 069	76
Non-current financial assets			
Investments in subsidiaries	8,15	616 880	523 953
Investments in associates	8,15	133 785	120 218
Loans to associates	9	0	1 200
Investments in other shares		1	1 001
Other non-current receivables	9,15	5 000	0
Total non-current financial assets		755 666	646 371
Total non-current assets		771 707	676 307
Current assets			
Inventory	10,15	13 596	17 343
Total inventory		13 596	17 343
Receivables			
Accounts receivables	13,15	476 636	413 125
Other receivables	13,15,17	97 302	27 826
Total receivables		573 938	440 951
Cash and cash equivalents	16	620 827	313 980
Total current assets		1 208 361	772 274
Total assets		1 980 068	1 448 581

EQUITY AND LIABILITIES (NOK 1 000)	Note	31.12.2015	31.12.2014
Equity			
Paid-in capital			
Share capital	11	43 572	43 572
Treasury shares	11	-71	-34
Other paid-in equity	11	86 929	84 895
Total paid-in capital		130 430	128 433
Retained earnings			
Reserve for valuation variances	11	400 533	293 960
Other equity	11	146 788	102 577
Total retained earnings		547 322	396 537
Total equity		677 751	524 971
Liabilities			
Provisions			
Pension liabilities	5	12 479	18 732
Total provisions		12 479	18 732
Other non-current liabilities			
Debt to credit institutions	14,15	500 000	400 000
Total other non-current liabilities		500 000	400 000
Current liabilities			
Accounts payables	13	551 188	374 855
Public charges payable		6 432	4 768
Dividend	11	113 288	65 358
Other current liabilities	13	118 931	59 897
Total current liabilities		789 839	504 878
Total liabilities		1 302 317	923 610
Total equity and liabilities		1 980 068	1 448 581
Guarantee liabilities	15	0	7

Trondheim, 12 April 2016

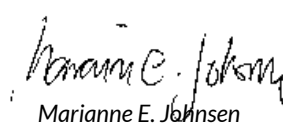

Helge Gåsø
Chair


Kristine Landmark
Vice Chair


Endre Glastad


Inge Kristoffersen


Trude Olafsen


Marianne E. Johnsen


Charles Høstlund
Chief Executive Officer

Cash flow

(NOK 1 000)	Noter	2015	2014
Operating result		-9 256	-27 980
Depreciation	7	76	279
Loss on sales of fixed assets		0	551
Pension costs with no cash effect		79	-716
Share based payment		-1 249	-1 137
Change in inventories		3 747	-7 169
Change in accounts receivables		-63 511	-4 655
Change in accounts payables		176 333	-81 101
Change in other current assets and other liabilities		50 690	59 897
Net cash flow from operating activities		156 909	-62 031
Cash flow from investing activities			
Payments for purchase of property, plant and equipment	7	-1 069	0
Proceeds from investments in non-current financial assets	8	128 093	125 639
Proceeds from sale of financial assets		0	-500
Change in loans to subsidiaries, associates and others		-3 800	127
Net cash flow from investing activities		123 224	125 266
Cash flow from financing activities			
Receipts from new non-current borrowings		100 000	400 000
Non-current debt repayments		0	-213 750
Purchase/sale of treasury shares		-2 590	-252
Net interest payments		-5 338	-7 679
Dividend payment		-65 358	-93 332
Net cash flow from financing activities		26 714	84 985
Net increase/ reduction in cash and cash equivalents		306 847	148 220
Cash and cash equivalents as of 1 January		313 980	165 760
Cash and cash equivalents as of 31 December		620 827	313 980

Notes to the financial statements

Note 1. Accounting principles

The financial statements for Norway Royal Salmon ASA have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting practice in Norway.

Principle for valuation and classification of assets and liabilities

Assets intended for long-term ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. Similar criteria are used when classifying non-current and current liabilities.

Current assets are valued at the lower of acquisition cost and fair value.

Non-current assets are valued at acquisition cost, but are written down to their recoverable value if this is lower than book value and the impairment is expected to be permanent. Non-current assets with a limited useful economic life are systematically depreciated or amortised.

Other long-term and current liabilities are valued at nominal value.

Revenues

Revenues are recognised as they are accrued, when the majority of both risk and control have been transferred to the customer. This will normally be the case when the goods are delivered to the customer. Revenues are recognised at the value of the consideration on the date of the transaction.

Expenses

Expenses are generally recognised in the same period as the corresponding revenue. In cases where there is no clear connection between expenses and revenues, the allocation is determined based on an informed estimate. Other exceptions to the matching principle are specified where relevant.

Assets and liabilities in foreign currencies

Transactions in foreign currencies are translated at the exchange rate in effect on the date of the transaction. Monetary items, receivables and liabilities in foreign

currencies are translated into NOK at the exchange rate in effect on the balance sheet date. Changes in exchange rates are recognised in the accounting period as a financial item.

The company reduces its foreign exchange risk on receivables by entering into forward contracts and raising loans for a corresponding amount in the same currency. As of 31 December, both trade receivables and withdrawals from currency accounts are valued at the day rate. See also the description of forward currency contracts in the Derivatives section.

Derivatives

Currency Forward contracts are capitalised at their fair value on the date the contract was signed. Changes in fair value are recognised in the income statement, unless they qualify for hedge accounting. A derivative qualifying for hedge accounting is classified directly against equity. The instrument is derecognised when the contractual rights expire or contractual rights and obligations are transferred. Derivative financial instruments are classified as current assets or liabilities.

The company uses interest rate swaps to hedge against fluctuations in interest rates on the long term debt. The interest rate swaps are not included in hedge accounting and are measured at the lowest of cost and fair value. Value changes are recognized in the income statement as financial items.

Commodity derivatives entered into by the company do not meet the requirements for hedge accounting, and gains and losses are recognised in the income statement on the date they are realised. The effect is classified as an operating item in the company's financial statements.

Property, plant and equipment

Property, plant and equipment are capitalised at historical cost and depreciated in a straight line over the asset's expected useful economic life. If the recoverable value of an operating asset is lower than its book value, it is written down to its recoverable value. Recoverable value is the higher of net sales value and value in use. Value in use is the net present value of the future cash flows the asset is expected to generate.

Shares in subsidiaries and associates

Subsidiaries are defined as companies in which the shareholder has a controlling influence, normally where the shareholding exceeds 50 per cent. Associates are defined as companies in which the Group has a significant, but not controlling, influence. This is normally deemed the case where the shareholding is between 20 and 50 per cent.

Investments in subsidiaries and associates are recognised in accordance with the equity method. The company's share of the profits/losses from subsidiaries and associates will be its share of their profit/loss after tax less any amortisation of excess values on the date of acquisition. Shares of profit/loss are presented net on a separate line under financial items in the income statement. Investments in subsidiaries and associates are presented as non-current assets in the balance sheet.

Other investments in shares classified as non-current assets.

Shares and other securities intended for long-term ownership are classified as non-current assets and recognised at their original cost price. A write-down is performed if the fair value is lower than cost price, and this situation is not of a temporary nature. Dividends received from these companies are recognised as other financial income.

Inventory

Inventory is recognised at the lower of acquisition cost and net sales price. The cost price of purchased goods is their acquisition cost plus freight charges.

Receivables

Trade and other receivables are recognised at nominal value less provisions for bad debts. Trade receivables are monitored continuously and it is the company's policy to insure all material trade receivables. Provisions for bad debts are based on an individual assessment of each receivable.

Bank deposits, cash and cash equivalents

Bank deposits, cash and cash equivalents include cash, bank deposits and other means of payment maturing less than three months after acquisition.

Pensions

The liability related to defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. Pension obligations are calculated based on long-term discount rate and long-term expectations of future salary growth, inflation and pension increases. Pension assets are valued at fair value. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the equity.

Tax

The tax expenses are matched to the result before tax. Tax relating to equity transactions is recognised in equity. The tax expense comprises tax payable (tax on the direct taxable income for the year) and any change in net deferred tax. The tax expense is divided between ordinary profits and profits from extraordinary items in accordance with the tax basis. Deferred tax liabilities and assets are presented net in the balance sheet.

Note 2. Sales revenues

Specification of sales by region:

(NOK 1 000)	2015	2014
Norway	253 888	152 780
Western Europe	2 040 771	1 405 543
Eastern Europe & Russia	231 536	504 699
Asia & Middle East	608 433	503 723
Other countries	45 099	17 305
Total operating revenues	3 179 728	2 584 050

Note 3. Personnel expenses and benefits

(NOK 1 000)	2015	2014
Wages and salaries	41 224	35 050
National insurance contributions	7 450	6 252
Pension costs – defined benefits scheme	4 870	3 831
Other benefits	753	494
Total salary and personnel expenses	54 298	45 627
Average number of full-time-equivalents	37	34

For details of the salary and other benefits payable to the Board of Directors, CEO and other senior executives, see Note 18 to the consolidated financial statements.

Note 4. Auditor's fee

(NOK 1 000)	2015	2014
Statutory auditing services	154	186
Other attestation services	36	36
Tax advisory services	11	0
Other services	22	0
Total auditor's fees	223	222

All auditing costs are exclusive of VAT.

Note 5. Pension costs and pension liabilities

The company has a statutory obligation to provide an occupational pension scheme under the Norwegian Mandatory Occupational Pension Schemes Act. The company's pension scheme complies with the requirements of this legislation.

Norway Royal Salmon ASA's pension scheme entitles members to defined future benefits. These are mainly dependent on the number of years of entitlement, level of salary upon reaching retirement age and the size of the pension benefits paid by the National Insurance Scheme. The liability is funded through an insurance company.

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 equity.

Pension costs:

(NOK 1 000)	2015	2014
Current service cost	4 203	3 051
Interest expenses	468	452
National insurance contributions	617	457
Administrational expenses	74	64
Employee contributions to the scheme	-491	-460
Net pension cost – defined benefit scheme	4 870	3 564

Assumptions

	2015	2014
Discount rate	2.70 %	2.30 %
Future salary increases	2.50 %	2.75 %
Inflation rate	2.25 %	2.50 %
Future pension increase	0.00 %	0.00 %

Number of people covered by the scheme:

In work	37	34
Pensioners	5	5
Total	42	39

Net pension liabilities:

(NOK 1 000)	31.12.2015	31.12.2014
Pension liabilities	44 561	46 702
Fair value of plan assets	-32 083	-27 970
Pension liability	12 480	18 732

Note 6. Financial income and financial expenses

Financial items included in the income statement:

(NOK 1 000)	2015	2014
Income from associates and subsidiaries	157 988	143 564
Gains on TRS-agreements	120 535	5 147
Interest income	11 873	7 665
Fair value changes interest rate swap	2 236	0
Agio	26	372
Other financial income	0	35
Financial income	292 658	156 783
Interest expenses	17 211	15 344
Change in market value interest rate swap	0	152
Other financial expenses	1 939	1 070
Financial expenses	19 152	16 567
Net financial items	273 507	140 216

Note 7. Property, plant and equipment

(NOK 1 000)	2015	2014
Acquisition cost 1 January	1 357	2 301
Additions	1 069	0
Disposals	0	-944
Acquisition cost 31 December	2 426	1 357
Accumulated depreciation 1 January	1 281	1 395
Depreciation for the year	76	279
Disposals	0	-393
Accumulated depreciation 31 December	1 357	1 281
Book value 31 December	1 068	76
Useful economic life	5–7 years	5–7 years
Depreciation method	Straight-line	Straight-line
Annual leasing cost of uncapitalised operating assets	1 846	1 520
Lease duration	0-5 years	0-3 years

Note 8. Subsidiaries and associated companies

Company	Consolidated	Registered office	Last acquisition date	Voting and share-holding	Book value
Nor Seafood AS	Yes	Torsken	10.08.2007	82.50 %	73 929
NRS Feøy AS	Yes	Feøy	10.10.2007	100.00 %	138 970
NRS Finnmark AS	Yes	Alta	01.08.2008	100.00 %	329 067
Nord Senja Laks AS	Yes	Botnhamn	01.07.2010	66.67 %	74 914
Total investment in subsidiaries					616 880

Wilsgård Fiskeoppdrett AS	No	Torsken	19.08.2008	37.50 %	52 481
Måsøval Fishfarm AS	No	Frøya	03.01.2003	36.10 %	15 028
Hellesund Fiskeoppdrett AS	No	Lillesand	21.02.2004	33.50 %	47 836
Ranfjord Fiskeprodukter AS	No	Mo i Rana	30.09.2012	37.75 %	9 846
Hardanger Fiskeforedling AS	No	Kvam	16.05.2011	31.10 %	8 545
Other	No				48
Total investment in associates					133 785

Subsidiaries:

(NOK 1 000)	Nord Senja Laks AS	Nor Seafood AS	NRS Feøy AS	NRS Finnmark AS	Total
Acquisition cost	41 019	23 691	81 198	125 592	
Paid excess value	24 473	14 045	18 162	77 824	
Opening balance 1 January 2015	64 110	65 957	105 711	288 174	523 953
Share of profit/loss for the year	10 804	7 971	10 526	108 078	137 380
Equity adjustments and dividend	0	0	22 732	-67 185	-44 453
Closing balance 31 December 2015	74 915	73 929	138 969	329 067	616 880

Paid excess value is almost entirely related to the value of licences and is not amortised, but is tested annually for impairment.

Associated companies:

(NOK 1 000)	Wilsgård Fiskeoppdrett AS	Måsøval Fishfarm AS	Hellsund Fiskeoppdrett AS	Ranfjord Fiskeprodukter AS	Other	Total
Acquisition cost at 31.12.2015	25 011	10 977	17 472	19 241	7 626	
Paid excess value	17 205	7 699	11 807	12 211	0	
of which amortisable excess value / goodwill	0	0	0	11 211		
Excess value and goodwill as of 31 December 2015	17 205	7 699	11 807	1 404	0	
Opening balance 1 January 2015	51 154	13 703	36 164	9 915	9 282	120 218
Share of profit/loss for the year	1 327	7 281	12 290	1 834	-222	22 511
Amortisation of excess values and goodwill during the period	0	0	0	-1 904	0	-1 904
Dividend	0	-5 956	-1 006	0	-467	-7 429
Equity adjustments	0	0	388	0	0	388
Closing balance 31 December 2015	52 481	15 028	47 836	9 846	8 593	133 785

Paid excess value is almost entirely related to the value of licences and is not amortised, but is assessed annually for impairment.

The exception is Ranfjord Fiskeprodukter AS. KNOK 12 211 out of a total excess value of KNOK 11 211 has been allocated to goodwill. Goodwill is amortised over 5 years.

Income from subsidiaries and associates	2015
Share of profit/loss for the year from subsidiaries	137 380
Share of profit/loss for the year from associates	22 511
Amortisation of excess values and goodwill, associates	-1 904
Total revenue recognised	157 988

Note 9. Receivables due in more than one year

(NOK 1 000)	2015	2014
Loans to smolt supplier	5 000	0
Loans to associates	0	1 200
Total receivables due in more than one year	5 000	1 200

Note 10. Inventory

(NOK 1 000)	2015	2014
Finished goods	13 596	17 343
Total inventory	13 596	17 343

Note 11. Share capital and shareholders

Share capital as at 31 Dec 2015 comprises the following classes of share:	Number of shares	Nominal value	Book value
Ordinary shares	43 572 191	1,00	43 572 191

Norway Royal Salmon ASA had 1 079 shareholders as at 31 December 2015. All shares afford the same rights in the company.

The board has proposed a dividend of NOK 2,60 per share for the year 2015.

For details of the largest shareholders and shares owned by board members, the CEO and other senior executives, see Note 21 to the consolidated financial statements.

(NOK 1 000)	Share capital	Treasury shares	Other paid-in equity	Reserve for valuation variances	Other equity	Total
Equity as of 31 December 2014	43 572	-34	84 895	293 960	102 577	524 971
Change in the year:						
Net result for the year	0	0	0	158 455	107 189	265 644
Dividend TS				-7 429	7 429	0
Other changes associated companies	0	0	0	0	-129	-129
Allocated, but not distributed dividend	0	0	0	0	6	6
Cash flow hedges	0	0	0	0	-362	-362
Share based payment	0	0	2 034	0	-3 282	-1 249
Actuarial gains	0	0	0	0	4 749	4 749
Proposed dividend	0	0	0	0	-113 288	-113 288
Corporate contributions	0	0	0	-44 453	44 453	0
Purchase of treasury shares	0	-600	0	0	-37 949	-38 549
Sale of treasury shares	0	563	0	0	35 396	35 959
Equity as of 31 December 2015	43 572	-71	86 929	400 533	146 788	677 751

For additional information on purchase and sale of treasury shares please see Note 21 in the consolidated accounts.

Note 12. Taxation

(NOK 1 000)	2015	2014
Tax payable	0	0
Change in deferred tax	1 394	9 590
Tax related to profit/loss for the year	1 394	9 590

Tax payable in the balance sheet:

(NOK 1 000)	31.12.2015	31.12.2014
Tax payable	0	0
Tax payable	0	0

Specification of deferred tax and basis for deferred tax:

(NOK 1 000)	31.12.2015	31.12.2014
Property, plant and equipment	908	1 076
Inventories	25	304
Trade receivables	-3 744	4 017
Financial instruments	39 006	27 426
Pensions	12 479	18 732
Other temporary differences	11 217	3 926
Tax losses carried forward	0	55 108
Basis for deferred tax	59 890	110 588
Deferred tax assets	14 973	29 859
Deferred tax on items recognised directly in equity	-1 463	9 236

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2015	2014
Result before tax	264 250	112 236
27 % tax on profit	71 347	30 304
Tax on permanent differences	-32 585	-1 131
Income from associates with the equity method and gains on shares	-42 657	-38 762
Change in deferred tax as a result of changed tax rate	2 500	0
Tax related to the result for the year	-1 394	-9 590
Effective tax rate *	-0.5 %	-8.5 %

* The negative effective tax rate in 2015 is due to the results from subsidiaries and associated companies, MNOK 158.0 (MNOK 143.6) being included in profit before tax.

Note 13. Intra-group transactions and balances

Intra-group balances:

	Non-current receivables		Trade receivables		Other current receivables	
(NOK 1 000)	2015	2014	2015	2014	2015	2014
Group companies	0	0	0	0	59 270	0
Associated companies	0	1 200	66	0	1 200	0
Total	0	1 200	66	0	60 470	0

	Trade payables		Other current liabilities	
(NOK 1 000)	2015	2014	2015	2014
Group companies	190 062	64 077	0	0
Associated companies	71 930	53 111	0	0
Total	261 992	117 189	0	0

Transactions with group companies:

(NOK 1 000)	2015	2014
Other operating revenues	3 504	2 292
Cost of goods sold	1 081 958	844 143
Other interest income	0	1

Note 14. Long-term liabilities

Instalment profile – debt to credit institutions:

(NOK 1 000)	2016	2017	2018	2019	2020	Totalt
Debt to credit institutions	0	0	0	0	500 000	500 000
Total	0	0	0	0	500 000	500 000

Long-term credit facility related to the Group's financing agreement is MNOK 500. The loan is installment-free until 2020 and has subsequently an annual credit review for a further extension of 5 years. The Group has a short-term multi-currency overdraft facility of MNOK 400.

As of 31 December 2015 the interest on the long-term debt is floating and linked to the 3-month NIBOR plus a margin. Interest on the multi-currency credit line is 3-month NIBOR/ 1-week LIBOR/Danish BOR plus a margin. In addition, the Company has entered into an interest rate swap. The swap is not recognized as hedge accounting. The change in value of interest rate swaps are recorded as a financial item in the income statement.

The company's covenants are based that the Group shall have an equity ratio of at least 30 per cent and that the short-term credit facility shall not exceed 75 per cent of the inventory and accounts receivables.

Note 15. Assets pledged as securities, guarantees, etc.**Capitalised secured liabilities**

(NOK 1 000)	31.12.2015	31.12.2014
Long-term debt to credit institutions	500 000	400 000
Short-term debt to credit institutions	0	0
Total secured liabilities	500 000	400 000

Book value of assets pledged as security

(NOK 1 000)	31.12.2015	31.12.2014
Property, plant and equipment	1 069	76
Inventories	13 596	17 343
Accounts receivables	476 636	413 125
Total secured liabilities	491 301	430 544

Guarantee liabilities	0	7
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In addition to the above-mentioned guarantees, the company had the following liabilities as of 31 December 2015:

- 1) Norway Royal Salmon ASA has given guarantees to credit institutions with respect to some of its subsidiaries' leasing liabilities. As of 31 December 2015 the total recognised leasing liabilities for which NRS has pledged security amounted to KNOK 199 846.
- 2) Norway Royal Salmon ASA has joint and several liability up to a maximum of KNOK 400 000 for the group overdraft arrangement.
- 3) In connection with Group funding the company's assets are pledged as security for the liabilities of the subsidiaries.

Note 16. Liquidity

As at 31 December 2015 the company had restricted deposits of KNOK 66 155. Of the funds, KNOK 50 796 have been pledged as security for the company's trading activities on Fish Pool. KNOK 13 677 have been pledged as security linked to the company's TRS-agreements.

The parent company is part of the group bank account system, for information on unutilized overdraft please see Note 8 to the consolidated financial statements.

Note 17. Derivatives**Forward currency contracts**

Forward currency contracts are recognised at fair value at the balance sheet date. As of 31 December 2015 forward currency contracts totalled EUR, USD, JPY and GBP. These contracts mature between 5 January 2016 and 8 December 2017, and are used to hedge cash flows expected to arise during this period and reduce foreign currency exposure on receivables. The cash flow hedging satisfy the demands for hedge accounting and the changes in unrealised value are recognised directly against equity. Realised profit/loss on the contract are recognised in revenues.

Note 17 cont.

As of 31 December 2015

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	34 502	16.01.16-25.01.17	8,320-9,643	-8 964
Forward currency contracts – cash flow hedging	Sale	USD	20 150	05.01.16-08.12.17	6,252-8,787	-14 545
Forward currency contracts – cash flow hedging	Sale	GBP	22 987	05.01.16-15.02.17	10,719-13,216	-8 325
Forward currency contracts – cash flow hedging	Sale	JPY	102 464	20.01.16-20.06.16	0,0694-0,0715	-300
Forward currency contracts – fair value hedging	Sale	USD	6 000	04.04.2016	8,7468	-2 059
Forward currency contracts – fair value hedging	Sale	EUR	22 000	04.04.2016	9,590	-2 332
Total forward currency contracts						-36 524

As of 31 December 2014

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	9 376	02.01.15-30.12.15	8,217-9,672	-2 046
Forward currency contracts – cash flow hedging	Sale	USD	14 307	05.01.15-20.01.16	6,038-6,836	-14 205
Forward currency contracts – cash flow hedging	Sale	GBP	17 715	15.01.15-05.02.16	9,890-11,974	-15 342
Forward currency contracts – cash flow hedging	Sale	JPY	29 612	15.01.2015	0,0603	-84
Forward currency contracts – fair value hedging	Sale	USD	10 000	19.03.2015	7,379-7,540	527
Forward currency contracts – fair value hedging	Sale	EUR	24 000	19.03.2015	8,823-9,431	3 724
Total forward currency contracts						-27 426

Financial Fish Pool contracts

Contracts have been signed to purchase 11 970 tonnes on the Fish Pool salmon exchange. The contract prices are in the range NOK 40.75–NOK 51.50 and cover the period from January 2016 to December 2017. The sales department enters into the contracts with the aim of hedging margins linked to deliveries of fixed-price contracts to customers.

As of 31.12.2015

(NOK 1 000)	Type	Currency	Volume (tons)	Currency period	Exchange rate range	Book value
Fish Pool contracts	Purchase	NOK	11 970	01.01.16-31.12.17	40,75-51,50	62 286
Total						62 286

As of 31.12.2014

(NOK 1 000)	Type	Valuta	Volume (tonn)	Val.periode	Kursintervall	Book value
Fish Pool contracts	Purchase	NOK	8 052	01.01.15-31.01.16	40,50-48,50	12 821
Total						12 821

Total return swap

In 2015 the company entered into TRS (Total Return Swap) agreements against own shares. As at 31 December Norway Royal Salmon ASA's total underlying exposures through TRS agreements is 2,991,424 shares, representing 6.87 % of the share capital of the company. The agreements expires in the period 17.03.2016 to 26.05.2016. The exercise price is between NOK 66.4650 and NOK 75.9631. The unrealised gain on the derivative has not been recognised in the accounts. The company has realised previously entered into agreements during 2015. The gain on realisation amounts to KNOK 120 536 (2014: KNOK 5 147) and is posted as a finance post in the accounts. Unrealised gain on the agreements in 2015 was KNOK 75 368 (2014: KNOK 95 267).

(NOK 1 000)	Number of shares	Exercise price	Maturity	Fair value as of 31.12.2015
TRS 1	2 424 386	66,4650	17.03.2016	34 274
TRS 2	567 038	75,9631	26.05.2016	2 483
Total	2 991 424			36 758

(NOK 1 000)	Number of shares	Exercise price	Maturity	Fair value as of 31.12.2014
TRS 1	2 396 348	30,3077	19.03.2015	83 720
TRS 2	759 299	33,2873	12.03.2015	23 441
TRS 3	394 242	52,3399	12.03.2015	4 965
Total	3 549 889			112 126

Interest rate swap

NRS has entered into an 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.

As of 31.12.2015

Currency	Amount	NRS pays	NRS receives	Maturity	Market value 31.12.14	Market value 31.12.15	Change in market value 2015
NOK	100 000	Fixed 3.37 %	3 mnd NIBOR	07.09.2016	-3 926	-1 690	2 236

As of 31.12.2014

Currency	Amount	NRS pays	NRS receives	Maturity	Market value 31.12.13	Market value 31.12.14	Change in market value 2014
NOK	100 000	Fixed 3.37 %	3 mnd NIBOR	07.09.2016	-3 774	-3 926	-152

Note 18. Financial risk

For further information relating to the management of financial risk in the parent company and group, see Note 1.6 to the consolidated financial statements.

Note 19. Subsequent events

On the 4 March 2016 Norway Royal Salmon ASA («NRS») entered into an agreement with Botnhamn Fisk AS to acquire 135 shares in Nord Senja Laks AS («NSL»), corresponding to 33.3 per cent of the outstanding shares in NSL for a cash consideration of NOK 70 million. Following the transaction, NRS owns 100 per cent of the shares in NSL. The transfer of shares was done 10 March 2016.

Responsibility statement

from the Board of Directors and Chief Executive Officer

We confirm that, to the best of our knowledge, the financial statements for the period for 2015 for the group and the parent company have been prepared in accordance with applicable accounting standards, and that the accounts give a true and fair view of the group and the company's consolidated assets, liabilities, financial position and results of the operations per 31 December 2015.

We also confirm to the best of our knowledge, that the Director's report provides a true and fair view of the development and performance of the business and the position of the group and the company including description of key risks and uncertainty factors pertaining to the group going forward.

Trondheim, 12 April 2016



Helge Gåsø
Chair



Kristine Landmark
Vice Chair



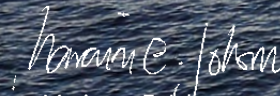
Endre Glastad



Inge Kristoffersen



Trude Olafsen



Marianne E. Johnsen



Charles Høstlund
Chief Executive Officer





To the Annual Shareholders' Meeting of Norway Royal Salmon ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Norway Royal Salmon ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2015, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2015, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers AS, Brattørkaia 17 B, NO-7492 Trondheim
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Norway Royal Salmon ASA as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Norway Royal Salmon ASA as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

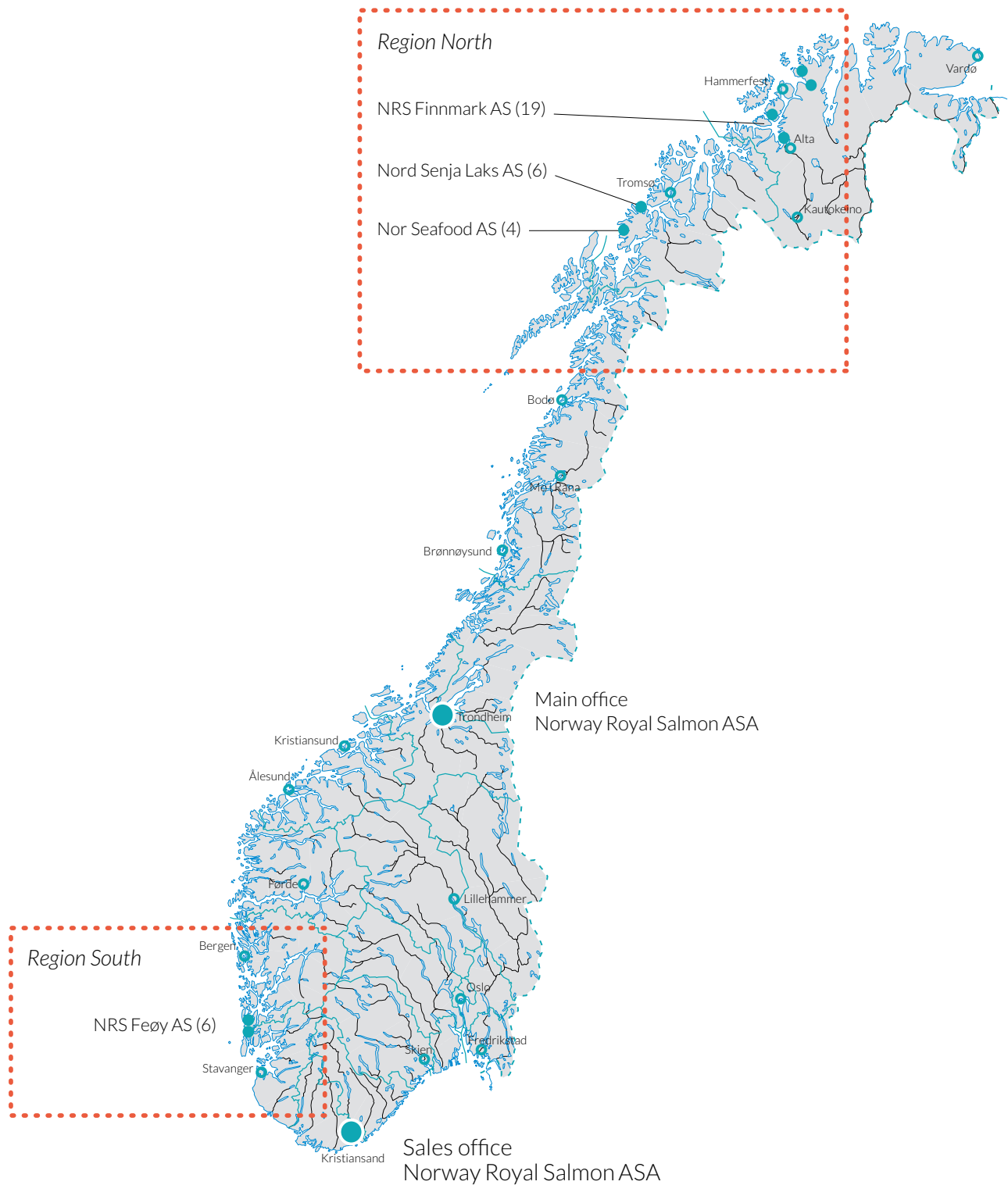
Trondheim, 12 April 2016
PricewaterhouseCoopers AS

Rune Kenneth S. Lædre
 State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.



Norway Royal Salmon ASA has four subsidiaries that operate 35 fish farming licences. These are located in Alta and Senja in northern Norway (Region North) and in the area around Haugesund (Region South). The number of licences is stated in parentheses.



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