



Annual Report 2014



norwayroyalsalmon.com

Layout and print: Skipnes Kommunikasjon AS 

Photos: Jacob Buchard, Ingar Næss, Jørn Adde, Øyvind Sætre
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COMMITTED
BY NAME



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Committed by name

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Committed by name



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Message from the CEO



2014 was another record year for the Norwegian salmon industry. Exports of salmon from Norway reached an all-time-high of NOK 44 billion. This is attributable to a slight price increase and a 5 per cent rise in the volume of fish harvested in Norway. World-wide, the harvested volume rose by 9 per cent. It is evident that the Norwegian salmon industry and Norway Royal Salmon (NRS) produce food that a growing proportion of the world's population want to eat. The product is steadily capturing new markets, it tastes good, is healthy and affords clear health benefits.

While growing demand for our products is important, I am also impressed by how flexible our industry has shown itself to be in the face of significant trade barriers. In August, Russia stopped all imports of salmon from Norway and the EU with immediate effect. At that time, Russia constituted the largest single market for Norwegian salmon. When you suddenly lose your biggest customers, it is easy to become a little uncertain, but our salespeople, customers and the industry as a whole managed to pull together to avoid any substantial fall in prices, by rapidly diverting the flow of goods and creating more demand in markets other than Russia.

2014 was an eventful year, which saw changes for NRS in the form of green licenses, a new CEO, record prices, biological challenges and the task of creating an even more competitive company.

NRS is facing some exciting years ahead, in which the objective is to become Norway's most profitable salmon producer, and develop from a medium-sized to a large aquaculture enterprise. 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. Over the course of 2014 NRS was awarded 10 green licences, and the Group must be considered the winner of this round of green awards. The new licences give us the opportunity to grow by a hefty 40 per cent, and put the Group in a unique position with regard to expanding salmon production in Norway. The green licences gives the company a fantastic opportunity, but they also come with obligations. Although a lot of hard work lies ahead if we are to exploit this growth opportunity, we are looking forward to increasing our volume. To secure the sustainable development of our production processes, we are now working to achieve Aquaculture Stewardship Council (ASC) certification at several of our sites. ASC certification is a global standard for responsible fish farming, which, together with our green production licences, will help to reduce the environmental and social impact.

Taking over as the company's new CEO, and continuing to build on the foundations laid by my predecessor John Binde, has been both exciting and rewarding. I have spent a lot of time touring our

operations since I started. It is good to see so much commitment and desire for improvement in all parts of the organisation. There are a number of improvements that we will continue to pursue. We aim to establish a clear outline of how things should be in the Group, and we shall build a healthy corporate culture through systematic efforts to promote the right attitudes.

Last autumn we asked employees which values NRS should have moving forward. Which values will help us to manage our behaviour and contribute to a shared corporate culture? It was very pleasing to see the engagement these questions generated in the organisation, and many people participated in the search for the right values for the path ahead. The responses showed that our values should be: Safe, Engaged, Innovative and Credible. These values will help to create a strong identity and a clearer corporate culture. It is through teamwork that we as a Group will become the best. Our values constitute a clear signal of what we stand for, both internally and externally, but it is our actions and conduct alone that determine how we are perceived by those around us. Our values will also reinforce the commitment inherent in our company's name: Norway Royal Salmon. Out in the wider world, the word «ROYAL» is associated with high quality. That is why we say we are «committed by name».



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.*

Safe

Engaged

Credible

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

- The Company took control of Reinhartsen Seafood AS with 90.1 %

1998

- Acquisition resulting in 31.1 % ownership of Hardanger Fiskeforedling AS

2003

- Acquisition resulting in 36.1 % ownership of Måsøval Fishfarm AS

2004

- Acquisition resulting in 48.0 % ownership of Larssen Seafood AS
- Acquisition resulting in 33.5 % ownership of Hellesund Fiskeoppdrett AS

2006

- Private placement in which the company raised gross proceeds of NOK 50 million
- Acquisition resulting in 37.5 % ownership in Espevær Laks AS

2007

- Acquisition resulting in 100 % ownership of Feøy Fiskeoppdrett AS (now named NRS Feøy AS)
- Acquisition resulting in 100 % ownership of Åmøy Fiskeoppdrett AS (merged into NRS Feøy AS in 2009)
- Acquisition resulting in 82.5 % ownership of Nor Seafood AS



2008

- Private placement in which the company raised gross proceeds of NOK 100 million
- Acquisition resulting in 100 % ownership of Altafjord Laks AS
- Acquisition resulting in 76.24 % ownership of AS Tri and Salmo Arctica AS (later merged into AS Tri)
- Acquisition resulting in 37.5 % ownership of Wilsgård Fiskeoppdrett AS

2009

- Acquisition resulting in 100 % ownership of AS Brilliant Fiskeoppdrett (later merged into NRS Feøy AS)

2010

- Acquisition resulting in 66.67 % ownership of Nord Senja Laks AS
- The remaining 23.76 % of the shares in AS Tri were acquired, resulting in AS Tri becoming a 100 % owned subsidiary (subsequently merged into NRS Finnmark AS)

- Acquisition resulting in 27.65 % ownership of Ranfjord Fiskeprodukter AS
- The company was converted from a private to a public limited liability company

2011

- Public offering in which the company raised gross proceeds of NOK 46.1 million
- Norway Royal Salmon ASA is listed on Oslo Stock exchange
- Sold all shares (48 %) in Larssen Seafood AS

2012

- Private placement and sale of treasury shares in which the company raised gross proceeds of NOK 43.4 million
- Acquisition resulting in 37.75 % ownership of Ranfjord Fiskeprodukter AS

2014

- Awarded 10 new green licenses



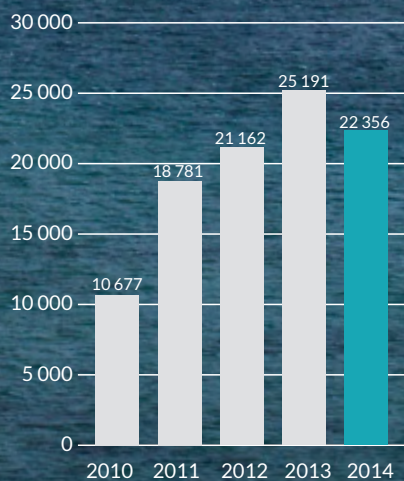
Key figures

(NOK 1 000)	2014	2013	2012
Operating revenue	2 599 799	2 603 712	1 744 266
Volume sold (tonnes)	59 110	62 141	57 673
Volume of own fish harvested (tonnes gutted weight)	22 356	25 191	21 162
Operational EBITDA ¹⁾	199 475	289 729	50 866
Operational EBIT ¹⁾	158 064	256 002	20 416
EBIT	242 656	379 561	80 308
EBT	320 707	396 292	40 748
Result for the year	268 284	315 805	31 618
EBITDA margin ¹⁾	7.7 %	11.1 %	2.0 %
Operational EBIT margin ¹⁾	6.1 %	9.8 %	0.8 %
ROACE ²⁾	13.7 %	25.3 %	2.1 %
EBIT per kg – farming ¹⁾	10.22	11.71	1.23
Book value of biological assets	808 674	639 238	525 739
Total capital	2 599 462	2 051 612	1 675 526
Net interest bearing debt	639 383	453 883	566 075
Book equity	1 013 904	868 989	607 184
Equity ratio %	39.0 %	42.4 %	36.2 %
Net cash flow from operating activities	95 455	211 835	-2 828
Net cash flow from investing activities	-162 363	-24 348	-36 970
Earnings per share	5.85	6.96	0.66
Number of shares as at 31 December	43 572 191	43 572 191	43 572 191
Number of employees (full-time equivalents)	129	114	103

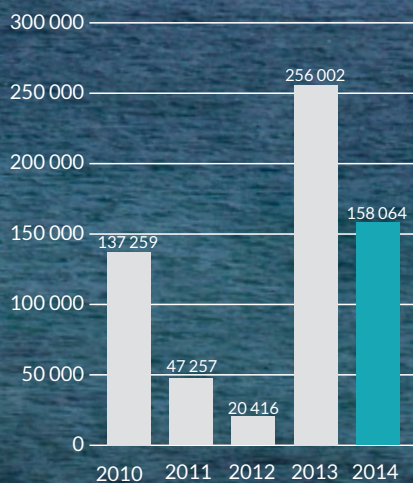
1) Before fair value adjustments, income from associates and gain on financial instruments

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

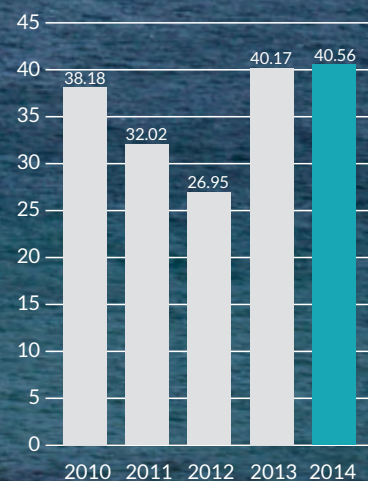
Harvested volume HOG
(tonnes)



Operational EBIT
(NOK 1 000)



Salmon price
(Nasdaq/NOK)



A large, rectangular salmon farming cage floats on a body of water. The cage is constructed from dark metal frames and is covered with green mesh netting. Several vertical poles support the netting, and yellow buoys are visible along the perimeter. The water is a deep blue with gentle ripples. In the background, a distant shoreline with some buildings and hills is visible under a sky filled with soft, white clouds.

Highlights 2014



■ Refinancing the Group

In January 2014, the Group completed negotiations and signed a new agreement with Danske Bank, refinancing the Group's credit facilities. The total facility is now NOK 900 million over five years.

■ Distributed dividend

In June Norway Royal Salmon distributed an ordinary dividend of NOK 2.20 per share.

■ Awarded 1 green licenses in group B

In June Norway Royal Salmon was awarded 1 new license at NOK 56 million.

■ New CEO

In October Charles Høstlund was appointed CEO after John Bind.

■ Extraordinary mortality

In the third quarter, extraordinary mortality due to poisonous algae and PD is recognized as a non-recurring cost of NOK 31.9 million.

■ Awarded 9 green licenses in group A

In December Norway Royal Salmon was finally awarded 9 new licenses to a price of MNOK 10 per license. The new licenses awarded in 2014 provide a potential capacity growth of 40 per cent.

■ Global Gap Certification

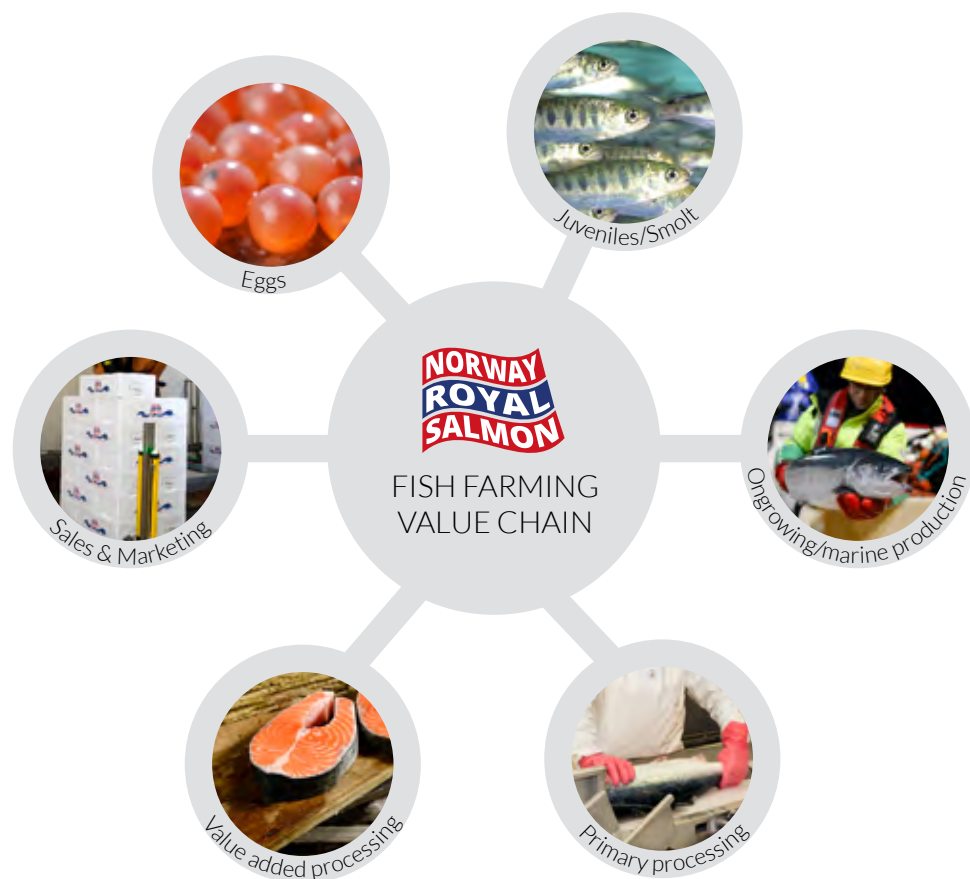
All the sites at all the farming companies of Norway Royal Salmon, with the exception of one, are now Global Gap Certified.

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: fish farming and sales. In 2014, the Group's farming operation harvested 22 356 tonnes of fish, while the sales organisation sold over 59 000 tonnes of salmon. In addition to the sales organisation – which constitutes the origin of the group – the Group currently has four

subsidiaries that own a total of 35 licences, of which 10 new 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.



JUVENILES/ SMOLT

- Long term agreements to secure supply in Northern Norway
- 37.75 % ownership in Ranfjorden Fiskeprodukter AS
- 30 % ownership in Skardalen Settefisk AS, co-owned with Wilsgård Fiskeoppdrett AS

ONGROWING/ MARINE PRODUCTION

- 35 majority owned licences (29 in Region North, 6 in Region South)
- Harvest volume 2014 ~22 400 GWT
- Harvest volume 2015E ~32 000 GWT
- 10 partly owned licences through associated companies

PRIMARY PROCESSING

- 100 % secured harvesting capacity
- Harvesting agreement in West-Finnmark
- Own harvesting plant at Senja
- Ownership in Espevær Laks AS and Hardanger Fiskeforedling AS

SALES & MARKETING

- Sales from the 82 licenses in the NRS sphere
- Primarily fresh and frozen salmon and trout
- Sold over 59 000 tonnes in 2014
- 92 % export to 52 countries in 2014

Fish farming – increased production capacity with 10 new green licenses in 2014

In 2006, a strategic decision was made that the Group was 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 held at the beginning of 2014 a total of 25 licences for edible fish production. Only 22 356 tonnes of fish were harvested in 2014 – which gave a reduction in harvest volume for the group for the first time since it began farming. The main reason for the decline is the build-up of biomass for future growth. From utilising 36 per cent of the Group's capacity in existing licenses in 2010, the Group had planned to have almost full utilisation of the capacity of the initial 25 licenses and harvest around 32 000 tonnes in 2015. After NRS was awarded

10 new green licenses at the end of 2014, estimated capacity increased to 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 new licenses are a game changer for Norway Royal Salmon towards a more sustainable development. NRS is motivated and ready for the challenge of being in the forefront of sustainable aquaculture. After the allocation Norway Royal Salmon have 35 concessions, resulting in an increased production capacity of 40 %. 85 % of the licenses are located in Region North that has the best conditions for farming activities.

The Group's growth from 2009 to 2014 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 2015e (HoG)	26 000	6 000	32 000	43 %
Capacity	45 000		45 000	41 %

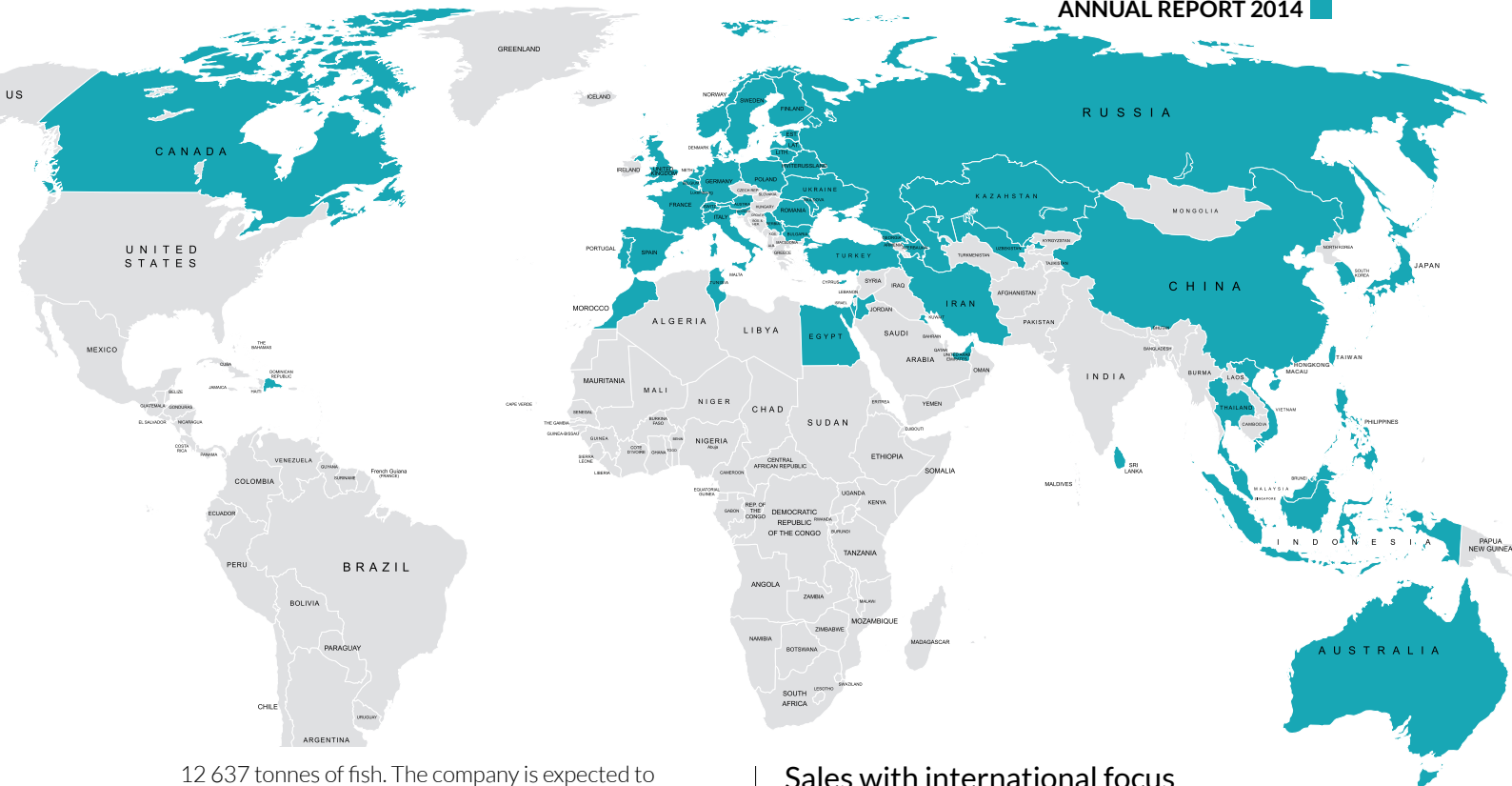
(*) Maximum allowable biomass (MAB) in Region North is 945 tonnes per license and 780 tonnes per license in Region South.



The Group firmly believes that local management close to the production facilities assures optimised operations in each company. 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 new green licenses in 2014, the Group operates 29 licences in Region North. The harvest volume in this region in 2014 totalled 17 987 tonnes, compared to 20 491 tonnes in 2013. The main reason for the decline is the buildup of biomass for future growth.

18



12 637 tonnes of fish. The company is expected to harvest around 18 800 tonnes in 2015. NRS Finnmark is attractively located in an area with only limited fish diseases and lice problems. 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.

The subsidiaries Nor Seafood AS and Nord Senja Laks AS constitute the activities on Senja in Troms. These 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 a total of fifteen fish farming licences. The Senja area is also an attractive location with good conditions for fish farming, although the lice challenges have been bigger than normal in 2014. The Group's two companies on Senja harvested a total of 5 350 tonnes in 2014. It is expected to harvest around 7 200 tonnes in 2015.

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. A total of 4 369 tonnes were harvested in Region South in 2014. It is expected to harvest around 6 000 in 2015, an increase of 37 per cent on 2014. 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, and in the long run to a more profitable farming operation.

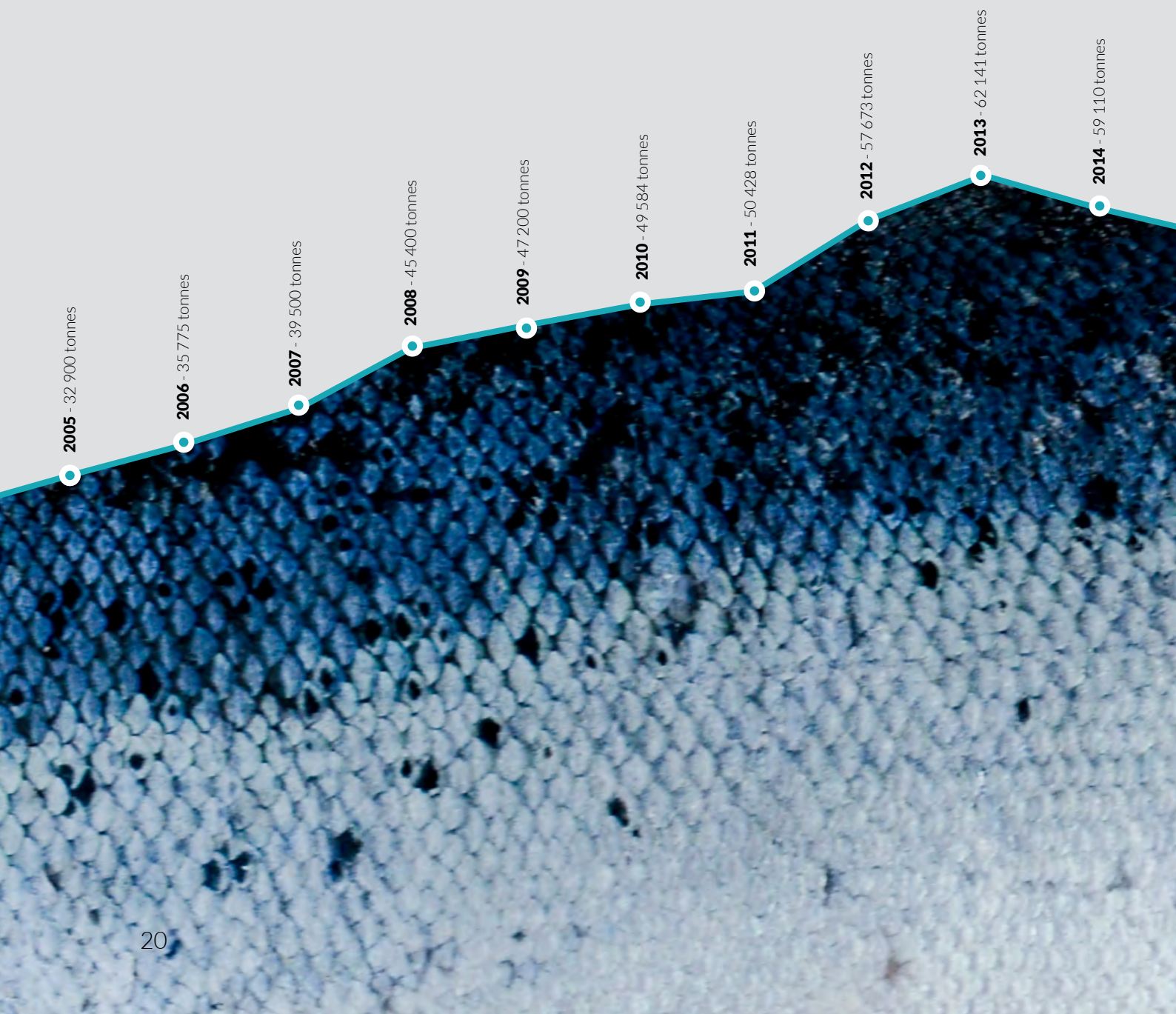
Sales with international focus

Sales activities comprise the trading of salmon and trout, as well as the Group's business linked to chain activities. 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 52 countries in 2014. Around 92 per cent of all the company's sales were made to the international market. Western Europe accounted for 61 per cent of the company's exports, while the remainder were sold to countries in Eastern Europe (21 per cent), Asia (17 per cent) and the USA (1 per cent).

Since its establishment, the sales turnover has increased steadily year after year. In 2014, the company sold 59 110 tonnes. More than 90 per cent of the fish is purchased from associated producers that have entered into chain agreements with the Group or from the Group's own fish farming operations. The share of the sales of fish from the Group's fish farming operations (37 per cent in 2014) is increasing steadily.

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.

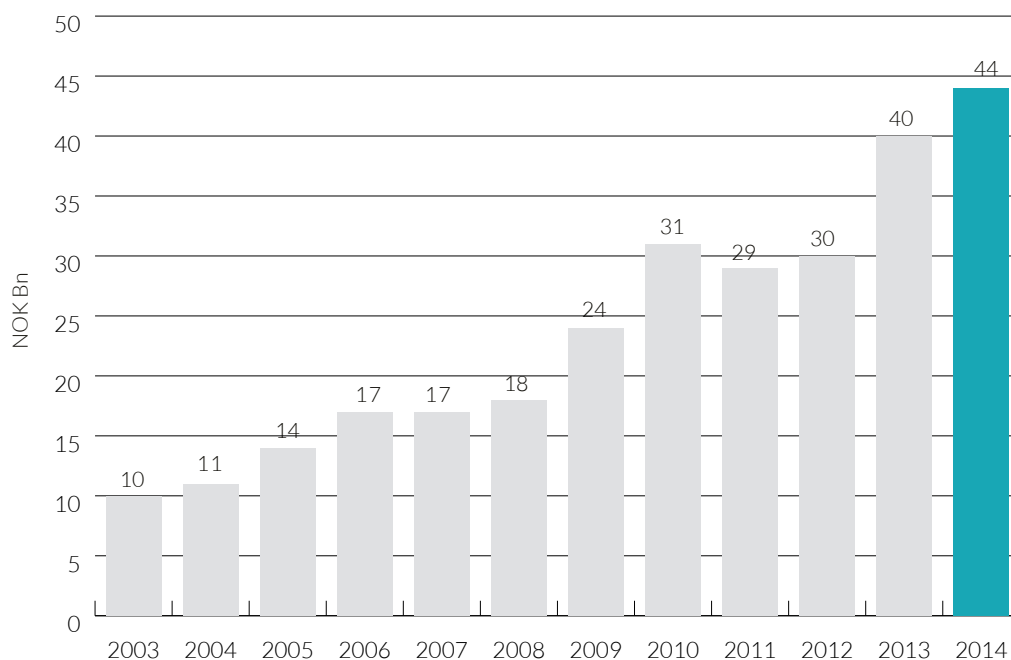
Volume sold in sales organisation



NOK 4 billion increase in value of exports, despite Russian sanctions

2014 was an exciting year for NRS and for the Norwegian salmon industry as a whole. The value of Norwegian salmon exports totalled NOK 43.9 billion, up a substantial NOK 4.1 billion from 2013. The export volume rose by 5 per cent to 1,149,594 tonnes (round weight). Prices also rose by 5 per cent to NOK 39.80 per kg (FCA Norway's border, gutted weight). This is the highest salmon price achieved in the past 25 years, and is particularly strong considering that Russia imposed an import ban on salmon from Norway and the EU in August 2014.

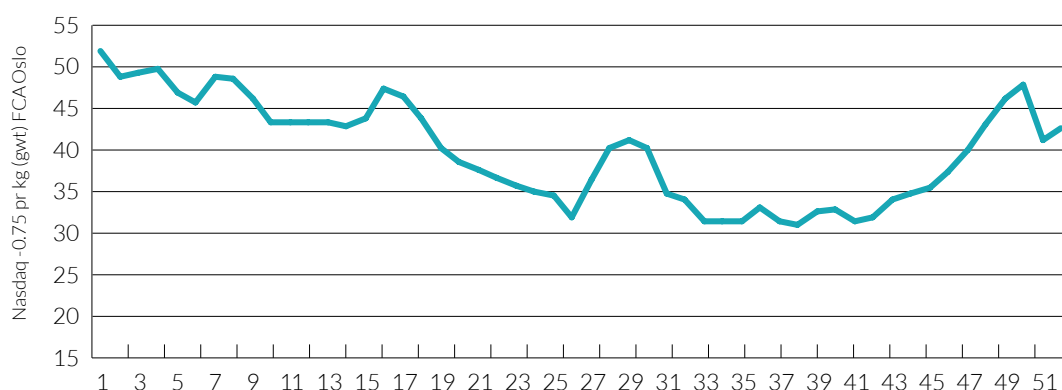
EXPORT VALUE OF NORWEGIAN FARMED SALMON



2014 was another year in which prices fluctuated strongly. The highest prices were achieved early in the year, in addition to the end of November, beginning of December. The difference between the year's highest and lowest prices was as much as NOK 21 per kg. Prices fell steadily from the start of the year until September, in line with a gradual increase in the global harvested volume. Volume growth tailed off towards the end of the year, which caused prices to bounce back up again. In general, NRS experienced strong demand from the

market throughout the year, and particularly in the periods when prices fell below NOK 35. The average spot price (Nasdaq -0.75 FCA Oslo) came to NOK 39.81 per kg (gutted weight), only slightly up on the NOK 39.42 per kg achieved in 2013. The highest spot price, NOK 51.94 per kg, was noted during the first week of the year. The lowest price came in week 38, when the spot price stood at NOK 30.98 per kg. This is the first time for several decades that the price did not fall below NOK 30 per kg in any week of the year.

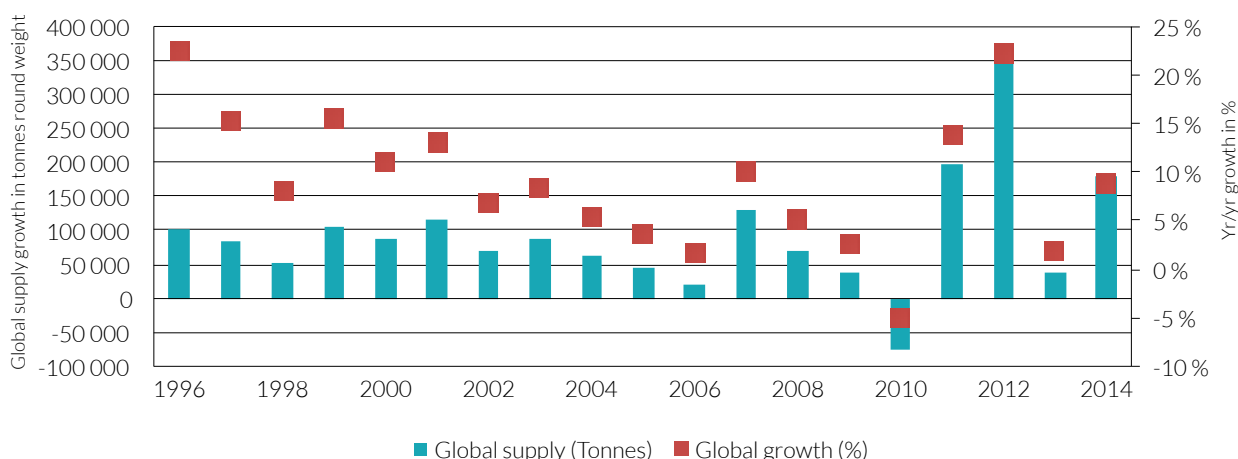
SALMON PRICES IN 2014



Global supply grew by 9 per cent, or more than 180,000 tonnes in 2014. Despite this, prices rose marginally, which indicates that demand for salmon was strong in 2014 as well. Global supply growth was high in the summer half-year, with growth in the first and fourth

quarters coming to 4-5 per cent. A global growth rate of 9 per cent is slightly higher than average in recent years, and we believe growth will be lower than this in the years ahead. The figure below shows the development of global supply growth in tonnes and as a percentage.

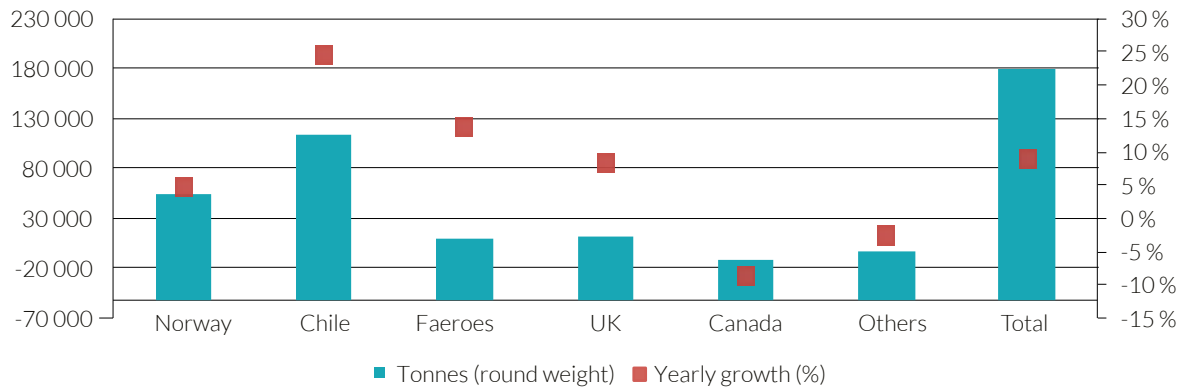
GLOBAL SUPPLY GROWTH



The 9 per cent rise in global supply in 2014 is a consequence of substantial growth in Chile, up 25 per cent or 115,000 tonnes. Considerable improvement in biological conditions in Chile led to lower mortality rates and higher weight gain than we had anticipated. For 2015, we believe the volume harvested in Chile will be close

to the 2014 level. In Norway, the harvested volume rose by over 50,000 tonnes (5 per cent), largely due to good weight gain, since sea temperatures were favourable throughout the year. The Faeroes, UK, Canada and other producing countries had little impact on growth in the global salmon market in 2014.

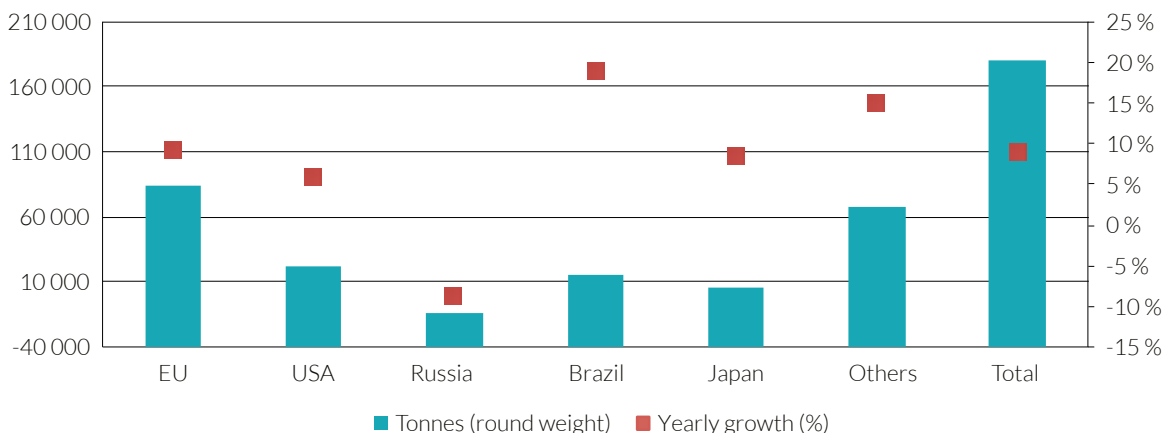
GLOBAL SUPPLY PER PRODUCING COUNTRY



Growth in the demand for salmon varied through 2014 in response to price levels, sanctions and changes in exchange rates. Despite these factors, most markets and regions experienced good growth and development through the year. Russia and Eastern Europe are the only region to reduce its purchases of Atlantic salmon. In August 2014 Russia imposed an import ban on salmon from Norway and several European countries with immediate effect. At this juncture, Russia accounted for around 8 per cent of global consumption of Atlantic salmon. Russia maintained its volume initially, by increasing its purchases from the Faeroes and Chile. However, the volume of fresh salmon was sharply reduced in favour of an increase in imports of frozen salmon from Chile. A steady weakening of the Russian currency

gradually led to local prices inside Russia becoming too high. As a result demand/imports sank. When demand from Russia fell, it was good to see that other countries continued to increase their salmon consumption. In 2014 as a whole, most of the markets that NRS and the Norwegian salmon industry trade with grew, both in terms of volume and value. The fact that customers spent more money on salmon in 2014 than in 2013 is also being interpreted as a strong signal. 2014 clearly demonstrated the industry and the markets' flexibility in relation to the flow of goods when significant trade barriers arise. Flexibility and sound underlying market growth provide fertile conditions for a significant market potential for fresh Norwegian salmon in the next few years.

DEMAND GROWTH IN SELECTED MARKETS



2014 was another eventful year for NRS, as well as for the 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 other activities (including marketing, sales, chain operations and business development) under one 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.

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 (BI). 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.

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 2009, he worked as a senior manager at KPMG and as group auditor for Cermaq, Norway Pelagic, Fjord Seafood and Midnor Group. 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. He 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

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.



Trude Olafsen

(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.

Shareholder information

NRS had 970 shareholders at 31 December 2014 (713). The 20 largest shareholders owned 87.50 per cent of the shares at 31 December (85.26 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 2014. 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 27 May 2014, 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 can be paid for the shares is NOK 1 and NOK 60 respectively. The authority remains valid until 30 June 2015.

Option schemes

An option scheme for the senior management was established. Currently 3 employees are included in the programme. Detailed information is provided in note 18 to the group's annual accounts.

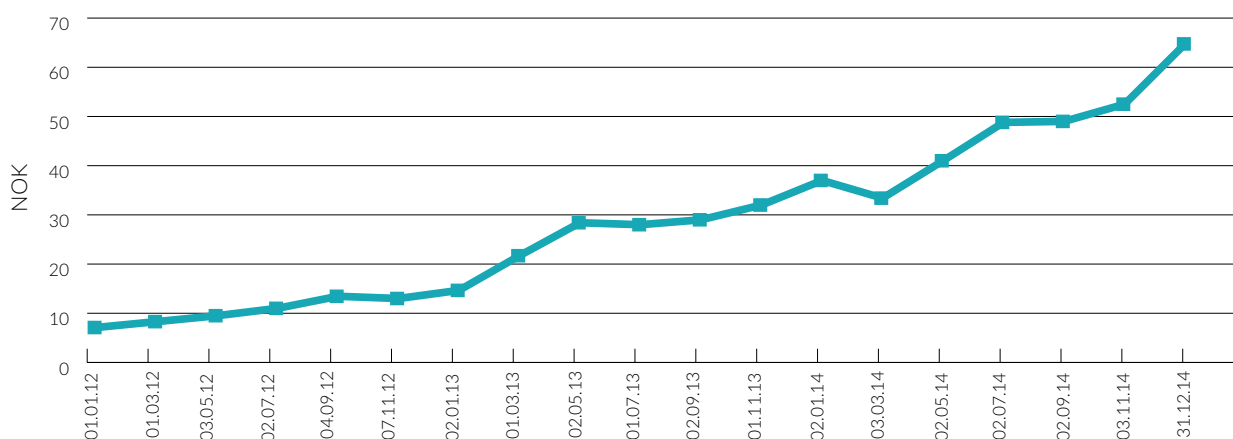
Listing

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 2014 of NOK 64.75 per share. A total of 13 881 120 shares were traded during the year (2013: 16 706 896). The NRS share price increased by 72 per cent during 2014. The main index at the Oslo Stock Exchange increased 4.95 per cent in the same period. The company's total market value at 31 December 2014 was NOK 2 821.3 million.

SHARE PRICE 2012/14



Ownership structure – the 20 largest shareholders as of 31 December 2014:

Shareholder	No. of shares	Shareholding
GÅSØ NÆRINGSUTVIKLING AS	6 475 494	14.86 %
GLASTAD INVEST AS	5 632 014	12.93 %
EGIL KRISTOFFERSEN OG SØNNER AS	4 568 379	10.48 %
HAVBRUKSINVEST AS	3 618 940	8.31 %
MÅSØVAL EIENDOM AS	3 548 761	8.14 %
SPAREBANK 1 MARKETS AS	3 063 448	7.03 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	2 575 184	5.91 %
NYHAMN AS	2 184 541	5.01 %
HELLESUND FISKEOPPDRETT AS	1 581 941	3.63 %
LOVUNDLAKS AS	1 026 268	2.36 %
VERDIPAPIRFONDET DNB SMB	820 000	1.88 %
STATE STREET BANK AND TRUST CO.	582 850	1.34 %
WILSGÅRD FISKEOPPDRETT AS	481 001	1.10 %
MP PENSJON PK	462 539	1.06 %
HENDEN FISKEINDUSTRI AS	345 590	0.79 %
STATE STREET BANK & TRUST COMPANY	280 000	0.64 %
MÅSØVAL FISHFARM AS	246 529	0.57 %
STATE STREET BANK AND TRUST CO.	223 894	0.51 %
FREWI AS	208 777	0.48 %
MATHIAS HOLDING AS	200 000	0.46 %

The share in 2014

Highest traded price	NOK	67,50
Lowest traded price	NOK	31,30
Share price at 31 December	NOK	64,75
Outstanding shares at 31 December	Number	43 538 456
Market value at 31 December	NOK	2 819 115 026

Financial Calendar 2015:

25.02.2015 Presentation of preliminary annual results 2014
 12.05.2015 Presentation Q1 2015
 28.05.2015 Annual General Meeting 2015
 26.08.2015 Presentation Q2 2015
 10.11.2015 Presentation Q3 2015

Please note that the financial calendar may be subject to change. Changes will be communicated.

For financial year 2014, the Board proposes to the Annual General Meeting that a dividend of NOK 1.50 per share is distributed. During 2014 an ordinary dividend of NOK 2.20 per share for the financial year 2013 was distributed.

ANALYST COVERAGE

Stockbroker	Phone
ABG Sunndal Collier	+ 47 22 01 61 16
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 40

Norway Royal Salmon supports the local communities

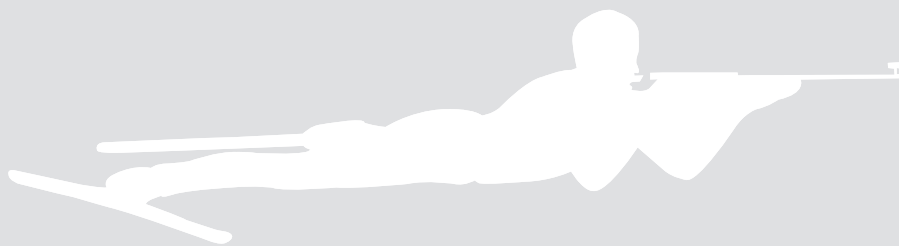
As a producer and distributor of healthy and nutritious foods NRS has as an objective to send a message where we can show the positive aspects of our products. We have chosen to support children and youth and sport and other local and international projects.

We wish to support activities in the local communities where our businesses operate and therefore provide support to local sports clubs and other local organisations. We therefore support several sports clubs in Finnmark, Senja and Haugesund. In 2014 we have also several local projects which are important for the local communities, among others the refurbishment of community houses. Internationally we support the building of schools in fishing villages in Tanzania.

In Finnmark we also support Team Horisont, where Maria Spareboe completed one of the toughest runs of the 1 000 km Finnmarkløpet in 2014.

To be visible in our markets and for our customers is also important. Biathlon is a popular sport not only in Norway but also in France and Central Europe which are big markets for us. We have for several years had a partnership with biathlete Tarjei Bø. After much hardship, Tarjei struck back in the World Championships in Kontiolahti in 2015 and came home with impressive five medals.

It's about courage, knowledge, experience, endurance and decisiveness. Skills and values NRS wishes to be associated with.





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.

We strongly believe that each individual company and the local community benefits from operations based on local decision-making, local management and ownership. The board has adopted the following key strategic policies.

- NRS shall be an efficient and profitable aquaculture company.
- NRS shall run an effective and profitable sales organisation.
- NRS shall provide a competitive return on investment to its shareholders.
- NRS shall offer affiliated producers economies of scale with respect to sales, procurement, quality assurance and other important services.
- NRS wishes to be a shareholder in companies associated with the aquaculture industry.

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 2014 the Group's total equity amounted to KNOK 1 013 904, which represented 39 per cent of its total assets. The board deems this to be 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 2014, the Board proposes that a dividend of NOK 1.50 per share is distributed.

Capital increase

At the Annual General Meeting of 27 May 2014, 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 2015.

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 27 May 2014, 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 60 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 2015.

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 2014. 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 2015 is scheduled for Tuesday 28 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.

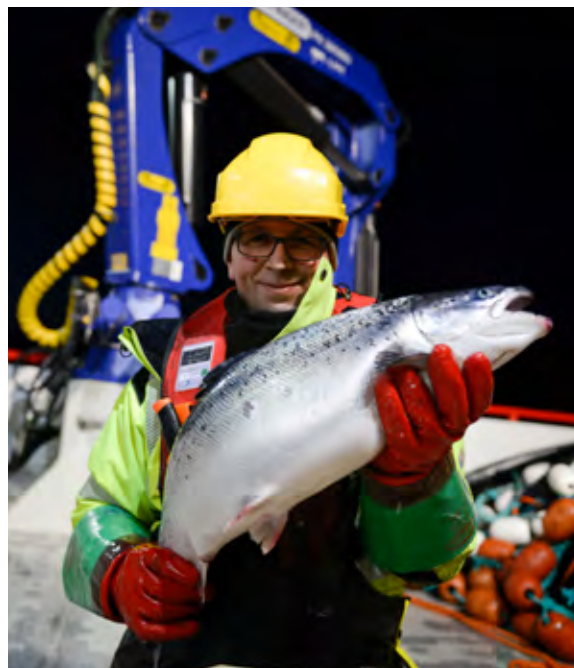
Deviation from the Code: According to the Code, the Board should make arrangements to ensure an independent chairman. There are no such procedures, and the company thus differs from the code on this point.

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), Lars Måsøval 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. All the board members, including the Chair, are elected by the general meeting. 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

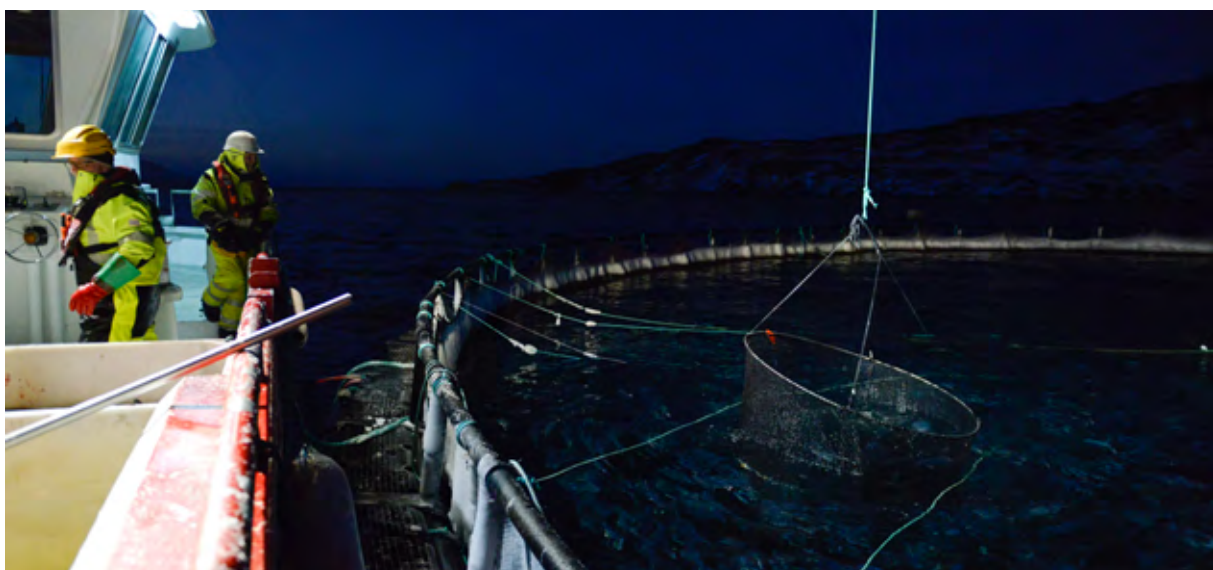
The board has overarching responsibility for the Group's administration and for monitoring general management and the Group's activities.

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 12 June 2014. 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 also 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 also naturally fall within the board's remit. The CEO shall also ensure that the consolidated financial statements comply with relevant legislation and regulations. The CEO is appointed by the board. 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. A total of nine board meetings were held in 2014.

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.

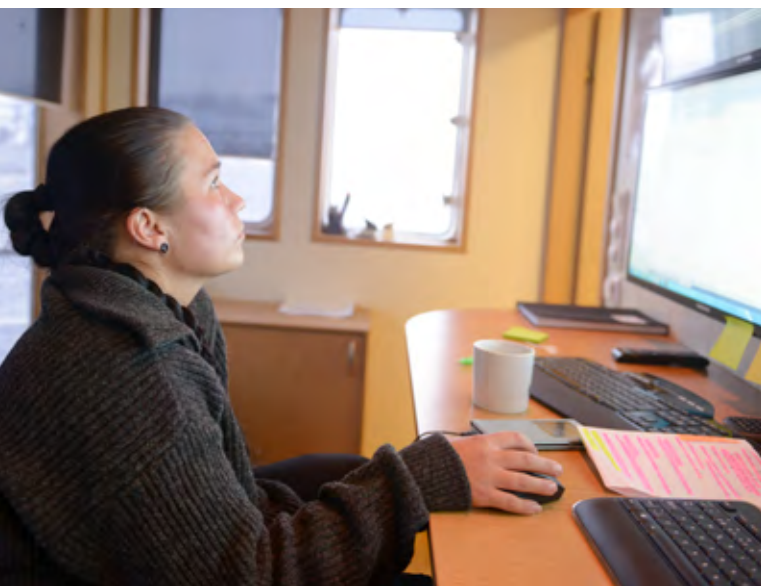
For further discussion of risk a reference is made to the Board of Directors report included in the annual report.

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 with regards to 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 is in compliance 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 accorded 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 impact 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 2014

In addition to their fixed salary, the following benefits were paid to Group management in 2014:

Yearly bonus

The former CEO had a bonus scheme in 2014 based on goal achievement in several areas, determined at the discretion of the Compensation Committee. The bonus did not exceed three months' salary. Bonuses paid in 2014, based on the results achieved in 2013, amounted to KNOK 170. The new CEO had a guaranteed bonus of KNOK 250 in 2014.

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 bonus scheme based on synthetic options was introduced for the Group management in February 2011. 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. In 2014 a new shared based incentive scheme was introduced. As of 31. December 2014 the scheme comprises 910 000 options and runs until 24. June 2017. In 2014, KNOK 4 101 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.

CEO John Binde left the company after 10 years in office. The employment ended on 30. September 2014. John Binde receives in connection with this 12 months salary. In addition, he received a company car free of charge.

Benefits in kind

The CEO receives a free company car. The new CEO also has an agreement on free housing in Trondheim. Apart from this, Group management also received benefits in kind such as free telephones, free Internet and free paper.

At the start of 2014, a loan of KNOK 127 had been given to the former CEO. Interest was NIBOR + 0.25 per cent. The loan was repaid in 2014. Security was provided by pledging shares.



2. Principles on remuneration for the 2015 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 and free housing in Trondheim for CEO. 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. After the new COO received his options the scheme comprises 1 060 000 outstanding 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, 14 April 2015

Helge Gåsø
HELGE GÅSØ
Chair

Kristine Landmark
KRISTINE LANDMARK
Vice Chair

Endre Glastad
ENDRE GLASTAD

Inge Kristoffersen
INGE KRISTOFFERSEN

Trude Olafsen
TRUDE OLAFSEN

Marianne E. Johnsen
MARIANNE E. JOHNSEN





Board of Directors report for 2014

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 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 2014

2014 was another eventful year for Norway Royal Salmon characterised by biomass build-up for further growth, high salmon prices and the allocation of ten new licenses.

- The Group generated operating revenues of NOK 2 600 million, an operational EBIT of NOK 158.1 million and a result before tax of NOK 320.7 million.
- Biomass in the sea increased by 3 377 tonnes during the year.
- Biomass build-up, extraordinary mortality and lower than normal growth last summer led to the farming operations having a harvest volume of 22 356 tonnes in 2014, a decrease of 11 per cent from last year. Region North produced 80 per cent of the harvested volume of the Group, while Region South produced 20 per cent.

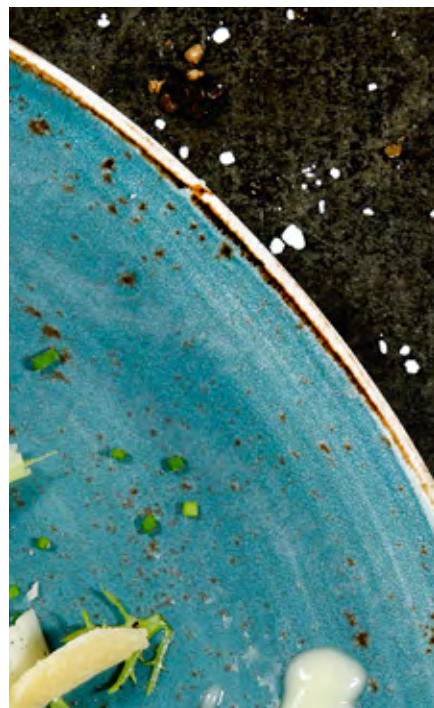
- Extraordinary mortality at NRS Feøy and NRS Finnmark has been recognised as a non-recurring cost of NOK 31.9 million.
- Awarded nine new green licenses in group A at a price of NOK 10 million apiece and one green license in group B at a price of NOK 56 million, which together increase the Group's production capacity by 40 per cent.
- Charles Høstlund appointed new CEO in 2014.
- All localities of the group, with the exception of one, are Global GAP certified.
- Negotiated an agreement with Danske Bank to refinance its credit facilities totalling NOK 900 million over five years. NOK 500 million is an instalment-free long-term loan and NOK 400 million is a short-term overdraft and guarantee facility. The agreement has a financial covenant requiring an equity ratio of at least 30 per cent and another requiring that the short-term credit facility shall not exceed 75 per cent of the inventory and accounts receivables. The new bank agreement gives the group a very good financial flexibility.
- The Board proposes a dividend of NOK 1.50 per share for 2014.

Green licenses – a game changer for Norway Royal Salmon

In 2014, the subsidiaries of Norway Royal Salmon ASA awarded the following new green licenses in group A; NRS Finnmark AS 5 licenses, Nor Seafood AS 2 licenses and North Senja Laks 2 licenses. The price was NOK 10 million per license. In addition, has NRS Feøy been awarded one of the fifteen new green licenses in group B. NRS paid NOK 56 million for this license.

In addition has Wilsgård Fiskeoppdrett, where NRS owns 37.5 per cent, been awarded two new green licenses in Group A.

As a result of the new licenses Norway Royal Salmon will gradually build up the biomass over 2.5 years. Full utilization of the Group MAB will be in the second half of 2017. The production costs are not expected to be significantly affected by the investments for more sustainable production, as other production costs are expected to be





reduced, including the costs of fish health. Increased need for smolt will be covered through partnerships, both for external supplies and construction of hatcheries.

The criteria for the award of 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 new licenses are a game changer and significant positive change for Norway Royal Salmon and the aquaculture industry, towards more sustainable development.

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. NRS is motivated and ready for the challenge of being in the driver's seat towards a more sustainable production.

Financial performance

The income statement

Norway Royal Salmon generated consolidated operating revenues of NOK 2 600 million in 2014, compared with NOK 2 604 million in 2013. Operational EBIT totalled NOK 158.1 million (2013: NOK 256.0 million). The Group had a consolidated operating result of NOK 242.7 million (2013: NOK 379.6 million). The Group's consolidated net result for the year totalled NOK 268.3 million (2013: NOK 315.8 million).

The reasons for the reduction in operational EBIT are mainly related to lower volumes, higher costs, non-recurring events and losses on doubtful receivables to customers from Russia and Ukraine.

The Group recognised NOK 27.1 million in share of the result from associates in 2014 (2013: NOK 28.8 million). The Group's associates harvested 7 032 tonnes in 2014, compared with 7 085 tonnes in 2013. The Group's share of the volume was 2 553 tonnes compared with 2 586 in 2013. In 2014, the Group had net interest expenses of NOK 21.5 million (2013: NOK 31.0 million).

Gain of financial assets in 2014 was MNOK 100.3 (2013: MNOK 49.5).

The parent company made a net result for the year of NOK 121.8 million in 2014 (2013: NOK 207.9 million). Operating result totalled NOK -28.0 million, compared with NOK -2.1 million in 2013. The volume sold by the parent company decreased from 62 141 tonnes in 2013 to 59 110 tonnes in 2014. The decrease in operating profits is due to lower margins, higher personnel expenses and expensed provisions for doubtful receivables of NOK 9.4 million. The decrease in the company's net result for the year is, in addition to a lower operational result, attributed to a decrease in share of the profits from investments in subsidiaries and associates from NOK 181.6 million in 2013 to NOK 143.6 million in 2014, and that the parent company recognised a profit from realisation of TRS-agreements of NOK 5.1 million compared with NOK 30.7 million in 2013.

Fish Farming:

The fish farming business generated gross operating revenues of NOK 846 million in 2014 (2013: NOK 940 million), a reduction of 10.0 per cent. The reduction is due to the volume of fish harvested decreasing by 11.3 per cent in 2014. The fish farming business harvested 22 356 tonnes in 2014, compared with 25 191 tonnes in 2013. The decrease in harvested volume is the result of build-up of biomass, extraordinary mortality and lower than normal growth last summer. Operational EBIT totalled NOK 228.3 million (2013: NOK 295.1 million), which amounts to NOK 10.21 per

kg (2013: NOK 11.71). The decrease in operating result was mainly due to lower harvest volumes and higher costs. The fish farming business volume of biomass in the sea increased by 3 377 tonnes from 20 160 tonnes at the start of the year to 23 537 tonnes at the close.

Region North generated gross operating revenues of NOK 683.1 million in 2014 (2013: NOK 759.6 million). The segment harvested 17 987 tonnes in 2014, compared with 20 491 tonnes the year before, a decrease of 12.2 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 209.4 million (2013: NOK 252.6 million). Operational EBIT came to NOK 11.64 per kg harvested in 2014 (2013: NOK 12.33).

In 2014, Region South generated gross operating revenues of NOK 163.1 million (2013: NOK 179.8 million). The segment harvested 4 369 tonnes in 2014, compared with 4 700 tonnes the year before, a decrease of 7.0 per cent. The Group operates six licences in Region South. The segment had an operational EBIT of NOK 18.9 million (2013: NOK 42.5 million). Operational EBIT came to NOK 4.32 per kg harvested in 2014 (2013: NOK 9.04).

Sales:

Sales' operating revenues was virtually unchanged from NOK 2 579.1 million in 2013 to NOK 2 577.7 million in 2014. Increased prices offset the reduction in sold volume. The segment sold 59 110 tonnes during the year, compared with 62 141 tonnes the year before, a reduction of 4.9 per cent. Sales had an operational EBIT of NOK -5.1 million in 2014 (2013: NOK -15.0 million), and a result before tax of NOK -2.9 million (2013: NOK -10.3 million). Norway Royal Salmon chose to increase the provision for doubtful accounts in 2014 as a result of the situation in Russia and Ukraine, which reduced EBIT and result before tax by NOK 9.4 million. The loss of fixed price contracts reduced the operational EBIT by NOK 10.3 million (2013: NOK 34.8 million).

Balance sheet

At the close of 2014, the Group had total assets of NOK 2 560 million (2013: NOK 2 052 million).

The increase in total assets is due to changes in several balance sheet items. Licenses increased by NOK 146 million due to the allocation of 10 new licenses to the group. A total of NOK 120.7 million was invested in new operating assets during the year. The fair value of the biomass rose during the year from NOK 639.2 million to NOK 808.7 million. The increase in the value of the biomass is due to a real build-up of biomass at cost of NOK 115.9 million, at the same time fair value adjustments increased by NOK 53.5 million as a result of higher biomass. The Group's biomass increased by 3 377 tonnes to 23 537 tonnes at the end of the year. The financial assets

of the Group increased by NOK 17.8 million, mainly as a result of positive results in associated companies. Other receivables increased by NOK 105.6 million as a result of a significant increase in value of the TRS-agreements owned by the Group.

The Group's net interest bearing debt as at 31 December 2014 totalled NOK 639.4 million, compared with NOK 453.9 million at the close of the previous year. The increase in interest bearing debt is mainly due to the build-up of biomass with NOK 129.2 million, investments in fixed assets and licenses with NOK 176.7 million, as well as a dividend of NOK 96.8 million.

The net increase in equity of NOK 144.9 million was mainly due to a positive total comprehensive income for the period of NOK 243.3 million, while paid dividend has reduced equity by NOK 96.8 million. At the close of 2014, the Group had an equity ratio of 39.0 per cent, compared with 42.4 per cent at the close of 2013.

The parent company's total assets stood at NOK 1 448.6 million at the close of the year (2013: NOK 1 293.5 million). Total financial assets increased by NOK 22.8 million from the end of 2013 due to positive results in subsidiaries and associated companies, while received dividend from subsidiaries and associated companies of NOK 120.5 had the opposite effect. Bank deposits increased as a result of dividend received from subsidiaries and associated companies and new long-term debt. At 31 December 2014, the parent company's equity ratio was 36.2 per cent (2013: 38.1 per cent).



Cash flow

The Group's cash flow from operating activities in 2014 was NOK 95.5 million (2013: NOK 211.8 million). The positive cash flow is mainly due to an EBITDA of NOK 199.5 million; while a change in working capital of -95.3 million had an adverse affect on the cash flow.

Net cash outflows relating to investing activities in 2014 totalled NOK -162.4 million (2013: NOK -24.3 million). These are, for the most part, attributable to investments in operating assets of NOK 120.7 million, payment for one new license of NOK 56.0 million and payments from investments in financial assets of NOK 14.7 million.

The Group had cash and cash equivalents at the close of the year of NOK 61.5 million (2013: NOK 53.7 million). At 31 December 2014, the Group had a net interest bearing debt of NOK 639.4 million (2013: NOK 453.9 million).

In 2014, the parent company had a negative cash flow from operating activities of NOK 62.0 million (2013: NOK -36.6 million). The negative cash flow is mainly a result of a decrease in accounts payables and a negative EBITDA. 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 125.3 million (2013: negative NOK 44.1 million). New debt, payment of dividend, and interest payments resulted in a positive cash flow from financing activities of NOK 85.0 million (2013: negative NOK 63.0 million).



The total positive cash flow in 2014 of NOK 148.2 million has resulted in net bank deposits totalling NOK 314.0 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:

- Stress tests on salmon in cooperation with the University of Nordland. The purpose of the project is to identify and improve bottlenecks in production that cause mortality or reduced quality of the salmon.
- Internal sore project in collaboration with veterinarians and other experts to identify and enhance biology and operations in order to reduce mortality and spoilage.
- Internal feed project in collaboration with Helgeland Forsøksstasjon; study the fish digestive and intestinal health to learn more about optimal feed composition and optimal feeding strategies. Also measures growth and feed conversion ratio using different feed types.
- Internal project on the use of eggs with increased resistance to IPN and PD virus.
- Internal project with ice skirts in Finnmark, in order to reduce the load on the cages and nets due to icing.
- Experiments on the production of triploid salmon (sterile) to reduce the environmental impacts of escapes (in collaboration with Helgeland Forsøksstasjon).
- 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.
- 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 the 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 will the Group increase the production of triploid (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 2014 are all sites, with the exception of one, Global GAP certified. Through the global cooperation Global Salmon Initiative (GSI) between 17 global aquaculture companies, Norway Royal Salmon and the other members have a goal that they shall implement the new standard Aquaculture Stewardship Council (ASC) by 2020. This is a global standard for responsible aquaculture, which together with our green production, will contribute to minimize the impacts on the environment and society.

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 a 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 52 countries in 2014 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 95 per cent of the Group's sales are in foreign currencies, with the largest exposure being to the EUR and USD. 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 move-

ments 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 243.3 million. There are covenants associated with the Group's borrowings, which at the close of 2014 Norway Royal Salmon meet. Overall, the Group's liquidity risk is considered to be at an acceptable level.

The price on salmon

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.

The price of feed

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.

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 1.7 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 core values is that we believe the companies and the local community achieve better results, when the companies have local involvement, local decision making and local leadership. 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 annually.

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 also 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 2014.

The Group is working hard to make sure it is able to recruit qualified personnel at all levels in the organi-

sation. Particular emphasis is given to provide all employees with a good working environment, meaningful job content, and competitive employment terms. All employees in Norway Royal Salmon have the right to freely choose which union they will be members of. At 31 December 2014, the Group had 116 full-time employees, 32 of whom are employed by the parent company Norway Royal Salmon ASA. The Group had a sickness absence rate of 5.36 per cent in 2014 (2013:

site and followed up through internal training in first aid, safety, and chemical management, and rescue exercises. An electronic enhancement system (deviation system) to help capture undesirable events and improvement areas in health, safety and working environment has been established. Labour rights and social issues form part of Norway Royal Salmon's Global GAP certification, a quality management system that is certified annually by an external party.



2.35 per cent). The corresponding figure for the parent company was 1.7 per cent in 2014 (2013: 1.7 per cent). Three injuries, which led to absence in 2014, have been registered, none of these were serious.

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 strengthen HSE in the Group, Norway Royal Salmon plans to hire a HSE/HR manager in 2015.

It is a planned and systematic focus on safety and health of employees in the farming business. 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

The aquaculture industry has traditionally been a male-dominated workplace. At 31 December 2014, women made up 21.3 per cent of the Group's workforce. The corresponding figure for Norway Royal Salmon ASA was 44.4 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.

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 to be 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.

Global requirements

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 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 with exception of one.

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

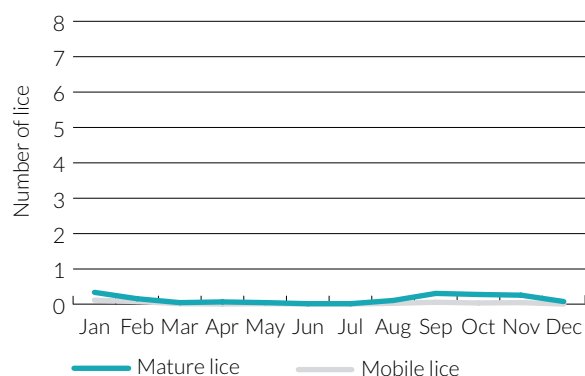
Norway Royal Salmon is a member of Global Salmon Initiative (GSI), which was established almost three years ago. GSI consists of 17 global salmon producers from five different countries, representing 70% of the global production of Atlantic salmon. The objective of the GSI is that the industry, through cooperation and transparency, shall achieve a significant improvement in sustainable production of Atlantic salmon at a time when the world needs a substantial increase in food production. This is the environmental certification that is the most difficult to acquire, and only the most sustainable producers will be able to satisfy the requirements' of the scheme. The initiative is fully supported by WWF and FAO.

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,



SEA LICE FINNMARK 2014



feed and health registrations. Norway Royal Salmon uses modern traceability systems to ensure traceability. Norway Royal Salmon demands of feed suppliers that they have established systems for traceability. Only using legal and natural ingredients and only working with approved harvesting plants that apply the best hygienic and sanitary conditions assure compliance with food safety requirements. Veterinarians monitor the entire production process.

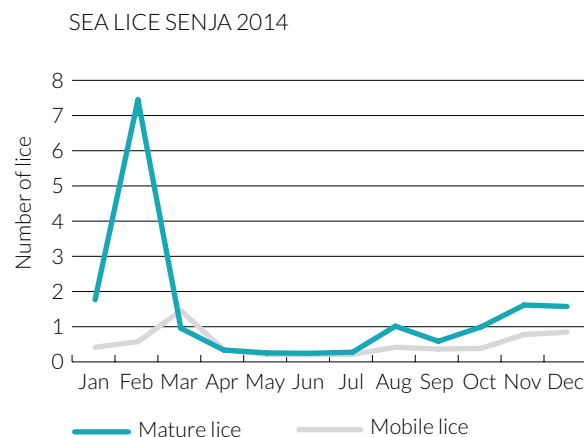
Fish health and welfare

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. All medications for treating the fish are approved by the Norwegian authorities and prescribed as required by veterinarians.

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 9.75 per cent of the number of fish in the sea at the beginning of the year and fish put in the sea during 2014. This is an increase of 2.91 per cent from 2013 mainly as a result of extraordinary mortality due to local algae bloom at the Kokelv site of NRS Finnmark and mortality caused by the fish disease PD at NRS Feøy. The mortality rate in Region South was 14.72 per cent and 8.54 per cent in Region North.

Norway Royal Salmon has started an improvement project in relation to the causes of mortality. The company participates in stress tests on salmon in cooperation with the University of Nordland, the purpose of the project is to identify and improve bottlenecks in production that cause mortality or reduced the quality of the salmon. In addition, we have an internal sore project in collaboration with veterinarians and other experts to identify and enhance biology and operations in order to reduce mortality and spoilage.



Sea lice

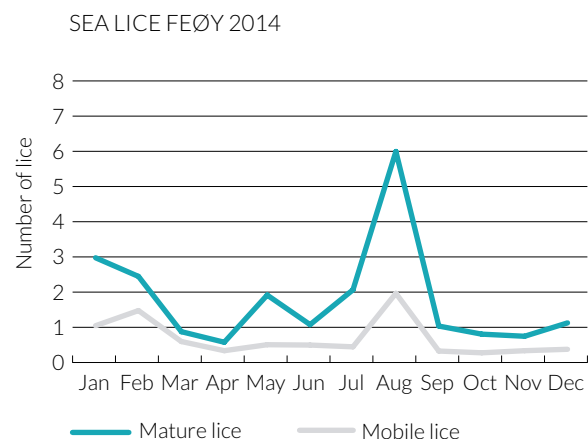
Sea lice have a negative impact on the salmon and weaken the fishes' immune systems. As well as compliance with counting and treatment strategies initiated by the authorities, the Group has developed its own plan for combating sea lice in all regions. Our company in Finnmark have had low levels of sea lice throughout the year; while there have been challenges in Troms in 2014. Our operations in Region South are significantly affected of the challenge of sea lice; the key strategy here is extensive use of locally caught wrasse.

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 a project with lice-skirts in Finnmark, 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 2014 lice-skirts was used at 4 out of 8 sites where smolts were put in the sea during the year. The sites have shown good results and we will expand the use of lice-skirts in the future.

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 under NS 9410 Environmental Monitoring of Marine Fish Farms. Furthermore, we perform additional tests to ensure that the impact of our sites does not exceed acceptable levels. At the close of the year, all Group facilities had achieved the best environmental standard (level 1), equating to «little or no impact». Good currents and sustainability is in focus when the company plans



localities. After completing the production cycle, the sites are fallowed for a period such that the temporary changes in the seabed are reversed, this also provides the basis for good fish health. The average fallow period between production cycles is 12 weeks; this is above the statutory requirement of 8 weeks.

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, furunculosis, ISA and ERM.

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. In 2014 Norway Royal Salmon had no escapes, while in 2013 there were two incidences of escaped fish. Norway Royal Salmon have after escapes a detailed review of the internal quality systems to identify possible areas for improvement that can reduce the risk of such events happening again.

The total number of fish in the sea was more than 12.2 million by the end of the year.

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 Norway Royal Salmon put two groups of triploid (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. From 2015 and thereafter, as a result of the allocation of green permits in 2014, more triploid fish

will be put in the sea and more nets with material characteristics that will help to reduce the risk of escape will be used. Norway Royal Salmon also participated in the 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, uses humane, fast and effective methods to ensure that the fish are exposed to as little pain and stress as possible when it is slaughtered.

Feed

Dependence on fish for feed is a challenge for a growing aquaculture industry. In recent years, has 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, www.ewos.no.

The share and shareholders

As at 31 December 2014, Norway Royal Salmon ASA had 43 572 191 shares divided between 970 shareholders. At the close of the year, the Group held 33 739 treasury shares. The share price at the end of the year was NOK 64.75 (2012: NOK 37.00).

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 stand 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

2014 was another exiting year for Norway Royal Salmon and the Norwegian salmon industry. The value of Norwegian salmon exports was NOK 43.9 billion, a new record and an increase of NOK 4.1 billion from 2013. The export volumes rose by 5 per cent and was 1 149 594 tonnes (round weight) in 2014. The spot price (FCA Oslo) was NOK 39.80 per kg in 2014 (2013: NOK 39.19).

The export volumes rose despite the sanctions that Russian authorities introduced in August 2014. At that time, Russia constituted the largest single market for Norwegian salmon and imported 11 per cent of Norwegian salmon in 2013. Salmon prices were negatively affected by the sanctions, which led to increased demand from other markets. In addition the exporters worked hard to channel the fish to new markets, leading to the effect of the sanctions being smaller than feared. The loss of volume to Russia led to increased volumes to Western Europe, Asia and USA.

Norway Royal Salmon ASA sold 59 110 tonnes, a reduction of 5 per cent. Most of this was fresh gutted salmon. The share of in-house produced salmon sold through the sales business totaled 38 per cent. Revenues were divided on 52 countries, of which 56 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 (20 per cent) while the rest was sold in Norway.

Production in Norway in 2015 is expected be 2 to 5 per cent higher than in 2014. At the same time, a relatively stable volume of Atlantic salmon from Chile and some growth from other smaller producer nations is expected, so that global growth will be 2 to 5 per cent. The expected growth is lower than the historical average growth, and below what we assume is the market underlying demand growth. Market demand is strong and both prices and volumes have been good so far in 2015. 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 2015 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 downturn normally not weakens demand for salmon significantly. Salmon is now established as a nutritious and good alternative for consumers. We mean the position Norway Royal Salmon has developed in the markets will make it possible for the Group to improve its market share in 2015.

Allocation of profit for the year

The parent company, Norway Royal Salmon ASA, made a net profit for the year of KNOK 121 826 in 2014. The Board of Directors proposes the following allocation of the net profit for the year:

Dividend	KNOK	65 358
To the reserve for valuation variances:	KNOK	23 072
Transferred from other equity:	KNOK	33 396
Total allocation of funds:	KNOK	121 826

Trondheim, 14 April 2015


HELGE GÅSØ
Chair


KRISTINE LANDMARK
Vice Chair


ENDRE GLASTAD


INGE KRISTOFFERSEN


TRUDE OLAFSEN


MARIANNE E. JOHNSEN


CHARLES HØSTLUND
CEO



Consolidated Financial statements

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Consolidated income statement

(NOK 1 000)	Note	2014	2013
Operating revenues	2	2 599 799	2 603 712
Cost of materials		2 175 278	2 137 934
Personnel expenses	18,19	104 557	85 627
Depreciation	7	41 412	33 728
Other operating expenses	6,12,24,25	120 488	90 422
Total operating expenses		2 441 735	2 347 711
Operational EBIT		158 064	256 002
Fair value adjustments	14	57 456	94 725
Income from associates	10	27 136	28 834
Net operating result		242 656	379 561
Financial items			
Gain financial assets	16,20,26	100 262	49 497
Other interest income	20	935	338
Other financial income	20	418	88
Other interest expenses	20	-22 434	-31 321
Other financial expenses	20	-1 130	-1 870
Net financial items		78 051	16 732
Result before tax		320 707	396 292
Tax	13	-52 422	-80 487
Net result for the year		268 284	315 805
Profit attributable to:			
Owners of the parent company		254 348	302 434
Non-controlling interests		13 936	13 371
Net result for the year		268 284	315 805
Basic earnings per share (NOK)	22	5.85	6.96
Diluted earnings per share (NOK)	22	5.85	6.96

Notes 1 to 28 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(NOK 1 000)	Note	2014	2013
Net result for the year		268 284	315 805
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Available-for-sale financial assets (net of tax)	13,26	0	-1 985
Cash flow hedges (net of tax)	16	-18 306	-5 340
Items not to be reclassified to profit or loss:			
Actuarial gains/losses on defined benefit plans	19	-6 665	-798
Comprehensive income for the year		243 313	307 683
Comprehensive income attributable to:			
Owners of the parent company		229 377	294 311
Non-controlling interests		13 936	13 371
Comprehensive income for the year		243 313	307 683

Notes 1 to 28 are an integral part of these consolidated financial statements.

Consolidated balance sheet

ASSETS (NOK 1 000)	Note	31.12 2014	31.12 2013
Assets			
Non-current assets			
Intangible assets			
Licences	3,9	648 887	502 887
Total intangible assets		648 887	502 887
Property, plant and equipment			
Land, buildings and other real estate	7,9	12 746	5 474
Machinery and equipment	7,9	164 139	115 370
Boats and floating assets	7,9	105 299	84 475
Fixtures, office equipment, etc.	7,9	6 868	5 235
Total property, plant and equipment		289 052	210 554
Non-current financial assets			
Investments in associates	10,9	150 155	132 758
Investments in shares and shareholdings	9,15,26	1 895	1 395
Other long-term receivables	6,9,15,27	3 000	3 127
Total non-current financial assets		155 050	137 280
Total non-current assets		1 092 989	850 721
Current assets			
Inventory	23,9	40 270	27 038
Biological assets	5,9	808 674	639 238
Total inventory		848 944	666 276
Receivables			
Accounts receivables	6,9,15	421 691	412 148
Other short-term receivables	6,9,15,16	174 344	68 735
Total short-term receivables		596 035	480 883
Cash and cash equivalents	8,15,17	61 494	53 732
Total current assets		1 506 473	1 200 891
Total assets		2 599 462	2 051 612

Notes 1 to 28 are an integral part of these consolidated financial statements.

EQUITY AND LIABILITIES (NOK 1 000)	Note	31.12 2014	31.12 2013
Equity			
Share capital	21	43 572	43 572
Treasury shares	21	-34	-30
Retained earnings		905 587	771 090
Total equity attributable to owners of the parent company		949 125	814 632
Non-controlling interests		64 781	54 355
Total equity		1 013 904	868 989
Non-current liabilities			
Pension liabilities	19	18 733	10 320
Deferred tax liabilities	13	272 742	231 640
Non-current interest bearing debt	8,9,15	518 788	323 084
Total non-current liabilities		810 263	565 044
Current liabilities			
Current interest bearing debt	8,9,15	182 089	184 530
Accounts payables	15	426 331	382 944
Tax payable	13	2 031	8 313
Other current liabilities	11,15,16	164 842	41 792
Total current liabilities		775 293	617 580
Total liabilities		1 585 556	1 182 624
Total equity and liabilities		2 599 462	2 051 612

Notes 1 to 28 are an integral part of these consolidated financial statements.

Trondheim, 14 April 2015


HELGE GÅSØ
Chair


KRISTINE LANDMARK
Vice Chair


ENDRE GLASTAD


INGE KRISTOFFERSEN


TRUDE OLAFSEN


MARIANNE E. JOHNSEN


CHARLES HØSTLUND
CEO

Consolidated statement of cash flow

(NOK 1 000)	Note	2014	2013
Operational EBIT		158 064	256 002
Adjusted for:			
Taxes paid	13	-8 313	-780
Depreciation	7	41 412	33 728
Gains (-) / losses (+) on sale of fixed assets		802	-32
Sharebased payment		-1 137	-282
Pension costs with no cash effect		-716	466
Change in inventories/biological assets		-129 180	-32 736
Change in account receivables and accounts payables		33 844	-34 941
Change in other current assets and other liabilities		680	-9 589
Net cash flow from operating activities		95 456	211 835
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		0	48
Payments for purchase of property, plant and equipment	7	-176 712	-65 399
Proceeds from investments in non-current financial assets	10,26	14 722	39 958
Payments for investments in non-current financial assets	10,26	-500	-500
Change in loans to associates and others		127	1 545
Net cash flow from investing activities		-162 363	-24 348
Cash flow from financing activities			
Receipts from new non-current debt		474 722	37 302
Non-current debt repayment		-277 236	-40 224
Net change in bank overdraft		-4 223	-65 393
Sale of treasury shares		-252	-2 054
Net interest payments		-21 499	-29 699
Dividend payment		-96 845	-43 542
Net cash flow from financing activities		74 667	-143 610
Net increase (+)/ reduction (-) in cash and cash equivalents		7 761	43 878
Cash and cash equivalents as of 1 January		53 732	9 854
Cash and cash equivalents as of 31 December		61 494	53 732

Notes 1 to 28 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(NOK 1 000)	Note	Equity attributable to owners of the parent company				Non-controlling interests	Total equity
		Share capital	Treasury shares	Retained earnings	Total		
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	-1137	-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

(NOK 1 000)	Note	Equity attributable to owners of the parent company				Non-controlling interests	Total equity
		Share capital	Treasury shares	Retained earnings	Total		
Equity as of 1 January 2013		43 572	0	522 626	566 199	40 984	607 184
Net result for the year		0	0	302 434	302 434	13 371	315 805
Other comprehensive income		0	0	-8 123	-8 123	0	-8 123
Total comprehensive income		0	0	294 311	294 311	13 371	307 683
Transactions with shareholders							
Dividend	21	0	0	-43 542	-43 542	0	-43 542
Share based payment	18	0	0	-282	-282	0	-282
Changes in treasury shares	21	0	-30	-2 024	-2 054	0	-2 054
Total transactions with shareholders		0	-30	-45 848	-45 877	0	-45 877
Equity as of 31 December 2013		43 572	-30	771 090	814 632	54 355	868 989

Notes 1 to 28 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 2014 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 14 April 2015.

1.2 Basis of preparation

The most important accounting principles applied in preparing the consolidated financial statements are described below. These principles are applied 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 which are mandatory for annual financial statements presented as of 31 December 2014.

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 55)
- 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

The following standards having an impact on the Group accounts in 2014 are described below:

IFRS 10 Consolidated financial statements

Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard had an insignificant impact on the Group accounts.

IFRS 12 Disclosures of interests in other entities

Includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard had an insignificant impact on the Group accounts.

1.4 Summary of important accounting principles

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the company. The company has control if it exerts a controlling influence, directly or indirectly, normally through owning more than half the voting rights. 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 in 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 which 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 regularly reviewed 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, 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 estimated future sales and harvesting costs.

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, and / or the most relevant pricing information available for the period when the fish are expected to be harvested. Prices are adjusted for harvesting costs and transport costs to market in order to arrive at an estimated price for live fish to the farmer. 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. 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 in connection with sold fish are classified in the income statement as changes in inventories of biological assets and included in cost of materials and operational result.

Property, plant and equipment

Property, plant and equipment are capitalised at cost, less accumulated depreciation and impairments. If material individual parts of an 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. When there is no active market for the shares and fair value cannot be reliably measured, the investments are valued at cost.

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 the purpose of 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 without being renewed or the hedge relationship is terminated, 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.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined benefit pension schemes

Pension schemes which 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 reissued, 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 to produce a constant periodic rate of interest on the remaining balance of the liability for each 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 2014, 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. IFRS 9 was issued in November 2009, October 2010 and November 2013. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those

measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. 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, unless this creates an accounting mismatch. IFRS 9 includes a number of changes and simplifications that increase the possibilities for employing hedge accounting. The Group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board. The implementation date for IFRS 9 is not yet decided, but will be earliest 1 January 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

Under IAS 41, Agriculture, the biological assets are valued at fair value less estimated harvesting and sales costs. Difference between fair value of live inventory at the beginning and the end of the period is recognised as a net positive or negative fair value adjustment in the income statement. The estimate of fair value is based on the most relevant forward prices for salmon at the balance sheet date. Fair value is estimated for each site, and biomass data includes the number of fish, estimated average weight and biological 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. 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.

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 2014, a 2 per cent reduction in the value of the NOK towards USD would decrease the Group's profit by KNOK 2 170, a 2 per cent reduction in the value of the NOK towards EUR would decrease the Group's profit by KNOK 1 665, and a 2 per cent reduction in the value of the NOK towards GBP would decrease the Group's profit by KNOK 3 207. 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 2014, an increase of 100 basis points in the interest rates level would decrease the Group's profit by KNOK 6 009, 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 last 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 8 052 tonnes at 31 December 2014. Given the financial instruments in effect on 31 December 2014, a NOK 1.00 reduction in the price of salmon would reduce the Group's profit by NOK 8 052.

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 2014. The Company is therefore exposed to changes in the share price of NRS. Given the financial instruments in effect on 31 December 2014, a NOK 1.00 reduction in the share price of NRS would reduce the Group's profit by NOK 3 550.

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 2014, 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 2014, the Group had equity of NOK 1 014 million. The equity ratio, defined as equity divided by total assets, was at the same time 39.0 per cent. Net interest bearing debt, defined as total debt less cash and cash equivalents were NOK 639 million at year-end.

The Company's dividend policy is to distribute at least 60 per cent 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 65 358 287 (NOK 1.50 per share) based on the financial statements of 2014. The resolution is passed at the Annual General Meeting on 28 May 2015.

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

The board is authorised to purchase up to 4 357 219 treasury shares with a face 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 60.00 per share. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2015.

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 2015.

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.

	Sales		Fish farming				Total	
			Region North		Region South			
(NOK 1 000)	2014	2013	2014	2013	2014	2013	2014	2013
Total segment revenues	2 577 739	2 579 059	683 091	759 645	163 068	179 841	3 423 898	3 518 545
Revenues between segments	0	0	-678 789	-743 260	-163 062	-179 788	-841 851	-923 048
Revenues from external customers	2 577 739	2 579 059	4 302	16 384	6	53	2 582 047	2 595 496
Cost of materials	2 546 830	2 559 881	322 682	394 686	101 973	99 650	2 971 485	3 054 217
Depreciation	139	638	30 052	22 866	11 080	10 224	41 271	33 728
Other costs	35 906	33 517	120 963	89 459	31 127	27 500	187 996	150 476
Operating result before fair value adjustments	-5 137	-14 977	209 394	252 634	18 888	42 467	223 145	280 124
Fair value adjustments	3 968	7 740	42 865	68 914	10 623	18 071	57 456	94 725
Operating result	-1 169	-7 236	252 259	321 548	29 511	60 538	280 601	374 850
Interest income	118	108	743	229	74	0	935	337
Interest expenses	-690	-1 662	-8 721	-15 708	-5 915	-8 061	-15 326	-25 431
Other financial items	-1 188	-1 538	94	173	-6	52	-1 100	-1 313
Segment result before tax	-2 929	-10 329	244 375	306 242	23 664	52 529	265 110	348 443
Total assets	507 936	470 308	1 402 184	1 054 776	419 131	337 793	2 329 251	1 862 877

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)	2014	2013
Segment result before tax for operating segments	265 110	348 443
<i>Unallocated income statement items:</i>		
Income from associates	26 999	28 677
Gain on realisation of associates and financial assets	100 786	49 386
Unallocated non-recurring items	-35 911	-2 219
Unallocated expenses (operations)	-29 169	-21 904
Unallocated interest (finance)	-7 107	-6 090
Result before tax	320 706	396 292

Reconciliation of reported segment assets to total assets:

(NOK 1 000)	2014	2013
Segment assets for reportable segments:	2 329 251	1 862 877
<i>Unallocated assets:</i>		
Investments in associates	146 926	129 667
Investments in other shares	1 001	501
Other long-term receivables	1 200	1 327
Unrealised gains on derivatives	112 126	16 859
Restricted bank deposits related to TRS agreements	8 959	40 382
Total assets in the balance sheet	2 599 462	2 051 612

Geographical market sales:

(NOK 1 000)	2014	2013
Norway	168 529	121 663
Western Europe	1 405 543	1 308 567
Eastern Europe & Russia	504 699	742 487
Asia & Middle East	503 723	425 993
Other countries	17 305	5 001
Total operating revenues	2 599 799	2 603 712

NOTE 3. Intangible assets
Cost:

(NOK 1 000)	Fish farming licenses	
	2014	2013
Acquisition cost as of 1 January	502 887	502 887
Additions during the year	146 000	0
Acquisition cost as of 31 December	648 887	502 887

Specification of fish farming licenses by region:

(NOK 1 000)	Ordinary licenses	Green licenses	Number of licenses	Cost	Book value 31.12.2014
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 conditions for licenses are 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 additional 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.

■ NOTE 3. cont.

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.

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 2014. 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(DA) margin per kg (salmon prices, production costs per kg), investment levels, discount rates and harvesting volumes.

EBIT(DA) Margin per kg

EBIT(DA) 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 three years, a higher EBIT(DA) 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(DA) per kg of NOK 7.00. 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(DA) margin per kg (NOK)	-5.11	-3.95
Discount rates after tax	11.6 %	8.3 %
Harvest volume	-67.0 %	-58.0 %

NOTE 4. Companies in Group

The consolidated financial statements for 2014 include the following companies:

(NOK 1 000)	Registered Office	Nominal share capital	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	
	2014	2013	2014	2013
Current				
Assets	153 431	113 052	108 031	90 667
Liabilities	-118 999	-58 808	-51 899	-42 089
Total current net assets	34 432	54 243	56 132	48 578
Non-current				
Assets	171 530	132 312	86 556	51 504
Liabilities	-63 867	-72 002	-45 000	-25 642
Total non-current net assets	107 663	60 310	41 557	25 861
Net assets	142 095	114 553	97 689	74 440

Summarised income statement

	Nord Senja Laks AS		Nor Seafood AS	
	2014	2013	2014	2013
Operating revenues	133 546	111 099	66 929	89 491
Operational EBIT	30 269	32 038	24 413	27 972
Result before tax	37 711	41 620	31 841	25 314
Tax	10 167	11 239	8 593	6 662
Total comprehensive income	27 544	30 380	23 248	18 652
Total comprehensive income allocated to non-controlling interests	9 710	10 105	4 226	3 266
Dividends paid to non-controlling interests	2 076	0	1 436	0

■ NOTE 4. cont.

Summarised cash flows

	Nord Senja Laks AS		Nor Seafood AS	
	2014	2013	2014	2013
Cash flows from operating activities				
Cash generated from operations	31 697	27 847	24 640	45 225
Interest paid	-2 227	-3 044	7	-208
Income tax paid	0	0	-8 369	-780
Net cash generated from operating activities	29 470	24 803	16 278	44 237
Net cash used in investing activities	-45 708	-12 664	-38 830	-3 982
Net cash used in financing activities	16 547	-11 881	4 589	-10 274
Net increase in cash and cash equivalents and bank overdrafts	308	258	-17 963	29 981
Cash, cash equivalents and bank overdrafts at beginning of year	614	356	29 987	6
Cash and cash equivalents and bank overdrafts at end of year	922	614	12 024	29 987

■ NOTE 5. Biological assets (biomass)

Specification of biological assets:

(NOK 1 000)	31.12.2014	31.12.2013
Biological assets valued at cost	608 472	492 524
Fair value adjustments of the biological assets	200 202	146 714
Total biological assets	808 674	639 238

Specification of changes in book value of biological assets:

(NOK 1 000)	2014	2013
Biological assets as of 1 January	639 238	525 739
Increase due to production in the period	710 948	601 682
Reduction due to harvesting in the period	-595 001	-575 168
Fair value adjustments of the biological assets	53 488	86 985
Biological assets as of 31 December	808 674	639 238

Specification of biological assets – tonnes (ungutted weight):

	2014	2013
Biological assets as of 1 January	20 160	20 697
Increase due to fish put in the sea in the period	938	1 089
Increase due to production in the period	31 163	30 405
Reduction due to mortality in the period	-1 790	-1 684
Reduction due to harvesting in the period	-26 934	-30 348
Biological assets as of 31 December	23 537	20 160

Specification of biological assets by size – tonnes (ungutted weight):	31.12.2014	31.12.2013
Smaller than 1 kg	3 346	2 691
1-4 kg	6 833	10 957
Larger than 4 kg	13 358	6 512
Biological assets	23 537	20 160

Fair value of biological assets

In accordance with IAS 41, Agriculture, biological assets must be valued at fair value less sales and harvesting costs. Changes to valuation adjustments are recognised in the income statement on an ongoing basis and classified as 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:

In accordance with IAS 41, the biomass is recognised at fair value less estimated harvesting and sales costs. Adjustments to the fair value of the biomass are presented on a separate line in the income statement. When estimating the biomass at fair value the best estimate of fair value for fish less than 1 kg is assumed to be accumulated cost, while for fish between 1 and 4 kg a proportionate share of full value is recognised. Harvestable fish (above 4 kg) is valued at full value. An expected fair value below the expected cost would imply a negative value adjustment of biological assets. Market prices based on externally quoted forward prices, and / or the most relevant pricing information available for the period when the fish are expected to be harvested are used when calculating the fair value.

Sensitivity analyses:

Based on the Group's biomass at 31 December 2014, an increase in price of NOK 1.00 per kg would result in an increase in the book value of the biomass of KNOK 14 251. Similar a reduction in price of NOK 1,00 per kg would result in a reduction in the book value of the biomass of KNOK -14 251.

NOTE 6. Accounts and other receivables

Specification of accounts and other receivables:

(NOK 1 000)	31.12.2014	31.12.2013
Account receivables	428 974	417 985
Provision for bad debts	-7 283	-5 837
Net accounts receivables	421 691	412 148
Other short-term receivables	174 344	68 735
Other long-term receivables	3 000	3 127
Total accounts and other receivables	599 035	484 010

Other short-term receivables comprise:

(NOK 1 000)	31.12.2014	31.12.2013
Fair value of derivatives	116 377	18 837
Prepaid costs	30 275	12 448
Value added tax repayable	27 030	31 522
Other receivables	663	5 928
Total other short-term receivables	174 344	68 735

■ NOTE 6. cont.

At 31 December 2014, accounts receivables of KNOK 92 237 (2013: KNOK 141 511) were past their due date but not impaired. These relate to a number of independent customers have not previously defaulted on their obligations to the group. The age distribution of these receivables are:

(NOK 1 000)	31.12.2014	31.12.2013
Less than 3 months	91 303	135 375
More than 3 months	934	6 136
Accounts receivables past due date, but not impaired	92 237	141 511

Change in provision for bad debts:

(NOK 1 000)	2014	2013
Provision for bad debts as of 1 January	-5 837	-1 000
Bad debts recorded in the year	7 955	1 533
Change in provision for bad debts	-9 401	-6 370
Provision for bad debts as of 31 December	-7 283	-5 837

At 31 December was nominal accounts receivables of KNOK 24 906 (2013: 22 835) written down. The size of the provision was 7 283 at 31 desember 2014 (2013: 5 837). 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. It is believed that a portion of the receivables will be recovered. The age distribution of the written down receivables are:

(NOK 1 000)	31.12.2014	31.12.2013
2 to 6 months	926	15 146
More than 6 months	23 979	7 690
Accounts recivables written down	24 906	22 835

Foreign currency exposure on receivables:

(NOK 1 000)	31.12.2014	31.12.2013
CHF	908	1 249
EUR	271 621	233 164
GBP	29 079	4 359
JPY	4 727	8 200
SEK	0	59
PLN	0	1 707
USD	90 195	109 909
NOK	25 161	53 502
Total book value trade receivables	421 691	412 148

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 2013	11 321	152 089	98 781	19 839	282 031	164 546
Additions	1 731	41 149	21 024	1 494	65 399	37 302
Disposals	0	-707	-418	0	-1 125	-6 750
Acquisition cost as of 31 December 2013	13 052	192 532	119 387	21 333	346 304	195 098
Acquisition cost as of 1 January 2014	13 052	192 532	119 387	21 333	346 304	195 098
Additions	7 898	76 222	31 620	4 972	120 712	74 595
Disposals	-67	-500	-442	-1 273	-2 282	-6 397
Acquisition cost as of 31 December 2013	20 883	268 254	150 566	25 031	464 734	263 296
Accumulated depreciation as of 1 January 2013	7 219	56 632	26 296	12 985	103 131	46 533
Depreciation for the year	360	21 237	9 019	3 112	33 728	17 333
Disposals	0	-707	-402	0	-1 109	-4 161
Accumulated depreciation as of 31 December 2013	7 578	77 162	34 913	16 097	135 750	59 704
Accumulated depreciation as of 1 January 2014	7 578	77 162	34 913	16 097	135 750	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	104 115	45 268	18 162	175 682	76 087
Book value as of 1 January 2013	4 102	95 457	72 486	6 853	178 898	118 013
Of which leased as of 1 January 2013	0	62 532	55 481	0	118 013	
Book value as of 31 December 2013	5 474	115 370	84 475	5 235	210 554	135 394
Of which leased as of 31 December 2013	0	71 581	63 813	0	135 394	
Book value as of 31 December 2014	12 746	164 139	105 299	6 868	289 052	187 208
Of which leased as of 31 December 2014	0	101 808	85 400	0	187 208	

* 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 2014 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)	31.12.2014	31.12.2013
Debt to financial institutions	400 044	232 584
Long-term finance leases	118 744	90 500
Total long-term interest bearing debt	518 788	323 084

Short-term interest bearing debt:

(NOK 1 000)	31.12.2014	31.12.2013
Liabilities to financial institutions	142 576	146 802
First year's instalment long-term debt	39 513	37 728
Total short-term interest bearing debt	182 089	184 530
Total interest bearing debt	700 877	507 614
Cash and cash equivalents	61 494	53 732
Net interest bearing debt	639 383	453 882
Unused credit facility long-term debt	100 000	0
Limit credit facility	400 000	357 500
Drawn upon credit facility	142 576	146 802
Unutilised drawing rights	357 424	210 698

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 installment-free until 2019 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 2014 the book value of the company's leasing liabilities amounted to NOK 158 213. 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 2014 the Group is in compliance with the terms of its loan agreements.

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

(NOK 1 000)	NOK	EUR	USD	GBP	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.

Foreign currency exposure in connection with company's interest bearing debt at 31.12.2013:

(NOK 1 000)	NOK	EUR	USD	SEK	JPY	Other	Total
Long-term interest bearing debt	323 085	0	0	0	0	0	323 085
Short-term interest bearing debt	-41 237	106 989	105 063	4 756	6 811	2 148	184 530
Total interest bearing debt	281 848	106 989	105 063	4 756	6 811	2 148	507 615

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

Maturity structure of Group's interest-bearing debt:

(NOK 1 000)	31.12.2014	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	142 576	142 576	0	0	0	0	0
Total interest bearing debt	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.

Maturity structure of Group's interest-bearing debt:

(NOK 1 000)	31.12.2013	2014	2015	2016	2017	2018	After 2018
Long-term debt to financial institutions*	243 885	11 297	232 547	41	0	0	0
Interest on long-term debt	18 190	9 315	8 873	2	0	0	0
Long-term finance leases *	116 931	26 431	27 264	22 418	16 379	8 148	16 291
Interest on finance leases	9 842	3 381	2 506	1 696	1 064	664	531
Short-term debt to financial institutions	0	0	0	0	0	0	0
Total interest bearing debt	146 799	146 799	0	0	0	0	0
Total interest bearing debt	535 647	197 223	271 190	24 157	17 443	8 812	16 822

* 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)	31.12.2014	31.12.2013
Long-term liabilities to financial institutions	400 088	243 885
Long-term finance leases	142 576	116 932
Other secured liabilities	158 213	146 800
Total liabilities secured by pledges	700 877	507 617
Guarantee obligations and guarantor liabilities	7	2 573

Book value of assets pledged:

(NOK 1 000)	31.12.2014	31.12.2013
Concessions	648 887	502 887
Property, plant and equipment	289 052	210 554
Shares	0	134 153
Inventories and biological assets	848 944	666 276
Trade receivables	421 691	412 148
Other receivables	0	58 312
Total book value of pledged assets	2 208 574	1 984 330

NOTE 10. Investments in associates

2014 (NOK 1 000)	Business local authority	Share- holding	Book value 31.12.2013	Share of result for the year	Dividend received	Change directly against equity	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	Torsken	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

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 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.

2013 (NOK 1 000)	Business local authority	Share- holding	Book value 31.12.2012	Share of result for the year	Dividend received	Acqui- sitions/ disposals	Book value 31.12.2013
Company							
Wilsgård Fiskeoppdrett AS	Torsken	37.50 %	39 906	12 145	-750	0	51 301
Måsøval Fishfarm AS	Frøya	36.10 %	14 975	7 765	-6 137	0	16 603
Hellesund Fiskeoppdrett AS	Lillesand	33.50 %	26 246	9 199	-50	0	35 394
Hardanger Fiskeforedling AS	Kvam	31.10 %	5 342	1 348	0	0	6 690
Espevær Laks AS	Bømlo	37.50 %	1 968	-834	0	0	1 134
Ranfjord Fiskeprodukter AS	Mo i Rana	37.75 %	19 442	-947	0	0	18 495
Skardalen Settefisk AS	Torsken	30.00 %	2 934	158	0	0	3 092
Other			48	0	0	0	48
Total associates			110 861	28 833	-6 937	0	132 758

The Group's share of fair value adjustments in connection with biomass at associates was KNOK 7 515 as of 31 December 2013. The fair value adjustments at the start of the year were KNOK 2 345. The increase of KNOK 5 170 is included in income from associates.

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

2014 (NOK 1 000)	Wilsgård Fiske- oppdrett 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	10 764

■ NOTE 10. cont.

2013 (NOK 1 000)	Wilsgård Fiske- oppdrett 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	161 745	207	63 273	36 860	56 513	42 078	9 431
Depreciation	2 884	441	809	2 430	2 935	1 764	607
Net interest expenses	-1 357	376	144	-1 773	-508	-761	-164
Result before tax	44 661	29 265	35 206	-3 707	6 275	-3 051	731
Net result for the year	32 388	21 511	27 459	-2 507	4 333	-2 223	526
Current assets	111 672	35 400	59 870	25 999	19 095	7 904	8 240
Non-current assets	61 990	13 058	21 249	37 289	20 916	20 138	7 674
Current liabilities	36 606	4 052	8 125	23 608	9 435	18 361	3 024
Non-current liabilities	46 131	19 448	2 619	23 567	8 000	6 658	2 584
Net assets	90 925	24 958	70 375	16 114	22 576	3 023	10 306

■ NOTE 11. Other current liabilities

Specification of other short-term liabilities:

(NOK 1 000)	31.12.2014	31.12.2013
Official taxes due	7 795	13 659
Interest rate swap	3 926	3 774
Accrued option costs	4 341	2 907
Holiday pay	8 363	4 275
Unrealised value forward currency contracts	31 677	6 792
Shor-term liabilities related to licences	90 000	0
Other short-term liabilities and accruals	18 740	10 385
Total other short-term liabilities	164 842	41 792

Note 12. Operating expenses

Specification of other operating expenses:

(NOK 1 000)	2014	2013
Rental of premises and equipment	6 824	4 766
Maintenance	48 946	37 535
Off-balance sheet equipment	7 605	4 484
Fuel	9 291	8 922
External fees	12 194	7 849
Insurance	3 987	2 742
Bad debts	9 471	6 368
Other	22 168	17 755
Total other operating expenses	120 488	90 422

Non-recurring items:

(NOK 1 000)	2014	2013
Costs related to escape	0	2 219
Extraordinary mortality	31 911	0
Costs related to change in management	4 000	0
Total	35 911	2 219

NOTE 13. Taxation

TAX ON THE RESULT

Tax on the result is as follows:

(NOK 1 000)	2014	2013
Tax payable	2 031	8 313
Change in deferred tax	50 391	72 174
Tax on the result for the year	52 422	80 487

Tax on items recognised in comprehensive income:

(NOK 1 000)	2014			2013		
	Before tax	Tax expense	After tax	Before tax	Tax expense	After tax
Available-for-sale financial assets	-	-	-	-2 002	-17	-1 985
Cash flow hedges	-25 077	-6 771	-18 306	-7 315	-1 975	-5 340
Actuarial losses on benefits pension scheme	-9 130	-2 465	-6 665	-1 093	-295	-798
Total tax recognised in comprehensive income	-34 207	-9 236	-24 971	-10 410	-2 287	-8 123

■ NOTE 13. cont.

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2014	2013
Result before tax	320 707	396 292
Tax calculated at nominal tax rate (28 %)	86 591	110 962
Expenses not deductible for tax purposes	-26 842	-14 749
Equity method associates	-7 327	-8 030
Gain on sale of financial assets	0	-13
Changes in deferred tax caused by reduced tax rate	0	-7 683
Tax on the result	52 422	80 487
Effective tax rate	16 %	20 %

DEFERRED TAX LIABILITIES**Breakdown of deferred tax and basis for deferred tax:**

(NOK 1 000)	31.12.2014	31.12.2013
Intangible assets	452 091	452 091
Property, plant and equipment	-3 306	-9 450
Inventory	808 370	639 238
Trade receivables	-4 017	-4 664
Pensions	-18 732	-10 319
Other	6 574	14 177
Tax losses carried forward	-230 815	-223 136
Basis for deferred tax	1 010 165	857 939
Estimated deferred tax liabilities	272 742	231 640

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

(NOK 1 000)	31.12.2014	31.12.2013
<i>Deferred tax benefits:</i>		
Long-term tax items	-68 519	-65 895
Short-term tax items	-8 490	-1 259
<i>Deferred tax:</i>		
Long-term tax items	122 065	122 065
Short-term tax items	227 686	176 733
Deferred tax 31 December	272 742	231 640

Change in deferred tax liabilities in balance sheet:

(NOK 1 000)	2014	2013
Book value as of 1 January	231 640	157 560
Income statement charge	50 342	80 017
Tax effect relating to components of other comprehensive income	-9 236	-2 287
Other changes	0	4 193
Changes in deferred tax caused by reduced tax rate	0	-7 839
Book value 31 December	272 742	231 640

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 %. 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	2014	2013
Change in fair value adjustments of biomass	5	53 488	86 985
Change in provision for sales contracts		-5 526	0
Change in provision for onerous contracts		0	1 095
Change in unrealised gains/loss on financial Fish Pool contracts	16	9 494	6 645
Total fair value adjustments		57 456	94 725

Specification of fair value adjustments in the balance sheet:

(NOK 1 000)		31.12.2014	31.12.2013
Fair value adjustments of biomass	5	200 202	146 714
Provision for sales contracts		-5 526	0
Unrealised gains/loss on financial Fish Pool contracts	16	12 821	3 327
Total fair value adjustments		207 497	150 041

■ 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 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 and hence part of the Group's overdarft facility.

(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

As of 31 December 2013

(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	1 395	1 395
Derivatives	0	16 859	3 327	0	20 186
Trade and other receivables*	471 562	0	0	0	471 562
Cash and cash equivalents	53 732	0	0	0	53 732
Total	525 294	16 859	3 327	1 395	546 875

* Trade and other receivables exclude prepayments

** Unrealised value of Fish Pool contracts have daily cash settlements against a bank account. Unrealised value of KNOK 3 327 is therefore included in Cash and cash equivalents.

(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	390 684	390 684
Finance leases	0	0	116 931	116 931
Derivatives	0	4 994	0	4 994
Trade and other payables *	0	0	398 990	398 990
Total	0	4 994	906 605	911 599

* 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)

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 15. cont.

The table below shows the Group's assets and liabilities measured at fair value as of 31 December 2013:

(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	16 859	0	16 859
– Securities held for trading purposes	0	0	0	0
Derivatives used for hedging	0	5 305	0	5 305
Available-for-sale financial assets				
– Equity instruments	0	0	1 395	1 395
– Debt instruments	0	0	0	0
Total assets	0	22 164	1 395	23 559
Liabilities				
Financial liabilities at fair value through profit or loss				
- Derivatives held for trading purposes	0	0	0	0
- Derivatives used for hedging	0	10 746	0	10 746
Total liabilities	0	10 746	0	10 746

■ NOTE 16. Derivatives

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.

As of 31 December 2013

(NOK 1 000)	Bank deposits	Other short-term receivables	Other current liabilities
Forward currency contracts	0	1 978	6 972
Financial Fish Pool contracts*	3 327	0	0
Total return swap	0	16 859	0
Interest rate swap	0	0	3 774
Total	3 327	18 837	10 746

* Unrealised value of Fish Pool contracts have daily cash settlements against a bank account. Unrealised value of KNOK 3 327 is therefore included in Cash and cash equivalents.

Forward currency contracts

Forward currency contracts are recognised at fair value at the balance sheet date. At 31 December 2014 forward currency contracts totalled EUR, USD, JPY and GBP. These contracts mature between 2 January 2015 and 5 February 2016, 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 in other comprehensive income. Realised profit/loss on the contracts are recognised in revenues.

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	15.01.15	0,0603	-84
Forward currency contracts – fair value hedging	Sale	USD	10 000	19.03.15	7,379-7,540	527
Total forward currency contracts	Sale	EUR	24 000	19.03.15	8,823-9,431	3 724
Total forward currency contracts						-27 426

As of 31 December 2013

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	13 897	06.01.14-15.12.14	7,692-8,414	-5 755
Forward currency contracts – cash flow hedging	Sale	USD	9 634	09.01.14-15.01.15	5,956-6,266	-548
Forward currency contracts – cash flow hedging	Sale	GBP	9 395	09.01.14-15.01.15	9,824-10,163	-712
Forward currency contracts – cash flow hedging	Sale	JPY	130 000	18.02.14-15.07.14	0,0584-0,0587	43
Forward currency contracts – fair value hedging	Sale	EUR	16 000	25.03.14	8,426-8,525	1 978
Total forward currency contracts						-4 994

Financial Fish Pool contracts

Contracts have been signed to purchase 8 052 tonnes on the Fish Pool salmon exchange. The contract prices are in the range NOK 40.50–NOK 48.50 and cover the period from January 2015 to December 2016. 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 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

Per 31.12.2013

(NOK 1 000)	Type	Currency	Volume (tonnes)	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Purchase	NOK	3 707	01.01.14-31.12.14	34,00-46,00	10 464
Forward currency contracts – fair value hedging	Sale	NOK	2 670	01.01.14-31.12.14	35,90-38,12	-7 137
Total forward currency contracts						3 327

■ NOTE 16. cont.

Total return swap

In 2014 the company entered into TRS (Total Return Swap) agreements against own shares. At 31 December 2014, Norway Royal Salmon ASA's total underlying exposures through TRS agreements is 3 549 889 shares, representing 8,15 per cent of the share capital of the company. The agreements expires in the period 12.03.2015 to 19.03.2015. The exercise price is between NOK 30.3077 and NOK 52.3399. 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 2014. The gain on realisation amounts to KNOK 5 147 (2013: KNOK 30 676) and is posted as a finance post in the accounts. Unrealised gain on the agreements in 2014 was KNOK 95 267 (2013: KNOK 16 859).

As of 31 December 2014

(NOK 1 000)	No. of shares	Exercise price	Maturity	Book value
TRS 1	2 396 348	30,3077	19.03.15	83 720
TRS 2	759 299	33,2873	12.03.15	23 441
TRS 3	394 242	52,3399	12.03.15	4 965
Total	3 549 889			112 126

As of 31 December 2013

(NOK 1 000)	No. of shares	Exercise price	Maturity	Book value
TRS 1	1 334 864	27,2456	13.03.14	13 182
TRS 2	2 335 013	36,1363	20.03.14	2 688
TRS 3	400 000	35,5026	13.03.14	647
TRS 4	200 000	35,4138	13.03.14	341
Total	4 269 877			16 859

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 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	07.09.16	-3 774	-3 926	-152

As of 31 December 2013

Currency	Amount	NRS pays	NRS receives	Maturity	Market value 31.12.12	Market value 31.12.13	Change in market value 2013
NOK	100 000	Fixed 3.37%	3 MND NIBOR	07.09.16	-4 258	-3 774	484

NOTE 17. Cash and cash equivalents

(NOK 1 000)	31.12.2014	31.12.2013
Bank deposits	61 494	53 732
Cash and cash equivalents	61 494	53 732
Of which restricted bank balances	61 433	53 634

Of the restricted deposits KNOK 39 149 (2013: KNOK 12 047) is pledged as collateral related to the company's trading at Fish Pool. KNOK 8 959 (2013: KNOK 40 381) 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)	2014	2013
Wages and salaries	86 836	71 686
National insurance contributions	8 562	6 625
Pension costs defined contribution scheme	658	695
Pension costs defined benefit scheme	4 456	3 156
Other benefits	4 044	3 464
Total wages and personnel expenses	104 557	85 627
Average full-time equivalents	129	114

REMUNERATION TO SENIOR MANAGEMENT AND BOARD OF DIRECTORS:

Senior management:

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	1 086
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	471
Totalt	6 839	220	502	4 101	985	12 648	1 623

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 on 30 September 2014

■ NOTE 18. cont.

2013 (NOK 1 000)	Salary	Fees ¹⁾	Bonus	Share-based payments	Payments in kind	Total	Accrued pension costs ²⁾
John Binde, CEO	2 048	40	245	356	240	2 929	186
Ola Loe, CFO	1 510	0	119	249	16	1 894	134
Roger Bekken, COO farming	1 208	80	48	178	36	1 550	129
Klaus Hatlebrekke, COO market and business development	1 267	0	52	178	13	1 509	106
Total	6 033	120	464	961	304	7 883	554

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.

Directors fee:

(NOK 1 000)	2014	2013
Helge Gåsø, Board Chair ¹⁾	445	358
Kristine Landmark, Vice Chair	270	188
Åse Marie Valen Olsen	250	170
Endre Glastad	270	190
Inge Kristoffersen	275	198
Eva von Hirsch	0	188
Eva Marie Kristoffersen	17	0
Fredd Wilsgård	0	8
Total	1 527	1 298

1) Includes directors' fees received from subsidiaries in the amounts of KNOK 70 in 2014 and KNOK 60 in 2013.

Share-based incentive schemes

A bonus scheme based on synthetic options was introduced for Group management in February 2011. 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. The last 330 000 options were exercised in the first quarter of 2014. At the time of exercise the weighted average share price was NOK 32.74. The exercise price at the time of exercise was NOK 17.55.

In 2014 a new bonus scheme based on synthetic options for the Group management was entered into. 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). Bonuses are calculated 12, 24 and 36 months after these dates, and the bonus scheme involves an obligation to invest net bonuses 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 and 24 June 2014 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 2014 there were 330 000 outstanding options. At 1 December 2014 there were 910 000 outstanding options. The exercise price of the CEO's options at 31 December 2014 is NOK 45.95. The exercise price of the other executives' options at 31 December 2014 is NOK 30.54. In 2014, a cost of NOK 6 431 (2013: NOK 3 166) is recognized in the income statement in connection with the option scheme, in addition a current liability of NOK 4 341 (2013: NOK 2 907) is recognized in the balance sheet.

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

	2014		2013	
	Average exercise price	Number	Average exercise price	Number
1. January	17.55	330 000	18.54	660 000
Allocated	40.72	910 000		0
Exersiced	17.55	-330 000	18.54	-330 000
31. December	40.72	910 000	17.55	330 000

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

Awarded	Exercise date	Exercise price	Number	
			2014	2013
31.03.11	29.03.14	17.55	0	330 000
31.03.14	29.03.15	30.54	120 000	0
20.06.14	24.06.15	42.95	150 000	0
31.03.14	29.03.16	30.54	120 000	0
20.06.14	24.06.16	42.95	150 000	0
31.03.14	29.03.17	30.54	120 000	0
20.06.14	24.06.17	42.95	250 000	0
			910 000	330 000

NOTE 19. Pension costs and liabilities

As of 31 December 2014, 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 34 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 31.12.2014, used a discount rate of 2.3 per cent.

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

Pension costs:

(NOK 1 000)	2014	2013
Current service cost	3 302	2 800
Interest cost	105	291
National insurance contributions	528	419
Administrational expences	169	62
Amortisation of net actuarial losses (gains)	186	0
Employee contributions to scheme	-460	-415
Net pension costs service – defined benefit scheme	3 831	3 156
Costs of defined contribution pension scheme	658	695
Early retirement scheme	625	306
Total pension costs	5 114	4 157

Assumptions:

	2014	2013
Discount rate	2,30 %	4,10 %
Future salary increases	2,75 %	3,75 %
Inflation rate	2,50 %	3,50 %
Future pension increase	0,00 %	0,60 %

Demographic factors:

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

	2014	2013
Paid into scheme during the year	4 154	3 672
Forecast payment to scheme next year	4 269	3 809

Calculation of amount recognised in the balance sheet:

(NOK 1 000)	31.12.2014	31.12.2013
Present value of funded obligations	46 702	35 855
Fair value of plan assets	-27 970	-25 537
Net pension liabilities in balance sheet	18 733	10 320

Change in present value pension liabilities:

(NOK 1 000)	2014	2013
Pension liabilities as of 1 January	35 855	30 700
Current service cost	3 624	3 317
Interest expense	1 460	1 051
Pension payments	-356	-176
National insurance contributions on this years payment	-586	-518
Actuarial losses/ (gain)	6 705	1 482
Pension liabilities as of 31 December	46 702	35 855

Change in estimated fair value of plan assets:

(NOK 1 000)	2014	2013
Estimated fair value of plan assets as of 1 January	25 537	20 846
Return on plan assets	1 060	796
Contributions paid	4 740	4 190
Pension payments	-356	-176
National insurance contributions on this years payment	-586	-518
Actuarial losses/ (gain) over other comprehensive income	-2 425	399
Plan assets as of 31 December	27 970	25 537

Pension funds are made up as follows:

(NOK 1 000)	2014	2013
Money market fund	24.3 %	26.2 %
Shares	8.3 %	6.3 %
Short-term bonds	14.1 %	14.2 %
Long-term bonds	31.8 %	34.5 %
Property	14.9 %	14.8 %
Other	6.6 %	4.0 %
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 9 602. Conversely, reducing the discount rate by 1 per cent would result in a gross pension liability of KNOK 31 036. A 1 per cent increase in the future salary increases, would result in a gross pension liability of KNOK 26 912. Conversely, reducing the future salary increases by 1 per cent would result in a gross pension liability of KNOK 11 096.

NOTE 20. Financial income and financial expenses
Financial items included in the income statement:

(NOK 1 000)	2014	2013
Sale of shares	0	1 914
Interest income	935	338
Foreign exchange gains	372	0
Unrealised gains on TRS agreements	95 267	16 859
Realised gains on TRS agreements	5 147	30 676
Other financial income	46	88
Financial income	101 767	49 874
Interest expenses	22 434	31 805
Foreign exchange losses	0	462
Change in market value interest rate swap	152	-484
Other financial expenses	1 130	1 408
Financial expenses	23 716	33 191
Net financial items	78 051	16 683

■ NOTE 21. Share capital and shareholder information

Share capital in parent company as of 31 December 2014:	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 2014:

Shareholder	No. of shares	Shareholding	Voting rights
GÅSØ NÆRINGSUTVIKLING AS	6 475 494	14.86 %	14.86 %
GLASTAD INVEST AS	5 632 014	12.93 %	12.93 %
EGIL KRISTOFFERSEN OG SØNNER AS	4 568 379	10.48 %	10.48 %
HAVBRUKSINVEST AS	3 618 940	8.31 %	8.31 %
MÅSØVAL EIENDOM AS	3 548 761	8.14 %	8.14 %
SPAREBANK 1 MARKETS AS	3 063 448	7.03 %	7.03 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	2 575 184	5.91 %	5.91 %
NYHAMN AS	2 184 541	5.01 %	5.01 %
HELLESUND FISKEOPPDRETT AS	1 581 941	3.63 %	3.63 %
LOVUNDLAKS AS	1 026 268	2.36 %	2.36 %
VERDIPAPIRFONDET DNB SMB	820 000	1.88 %	1.88 %
STATE STREET BANK AND TRUST CO.	582 850	1.34 %	1.34 %
WILSGÅRD FISKEOPPDRETT AS	481 001	1.10 %	1.10 %
MP PENSJON PK	462 539	1.06 %	1.06 %
HENDEN FISKEINDUSTRI AS	345 590	0.79 %	0.79 %
STATE STREET BANK & TRUST COMPANY	280 000	0.64 %	0.64 %
MÅSØVAL FISHFARM AS	246 529	0.57 %	0.57 %
STATE STREET BANK AND TRUST CO.	223 894	0.51 %	0.51 %
FREWI AS	208 777	0.48 %	0.48 %
MATHIAS HOLDING AS	200 000	0.46 %	0.46 %
Total 20 largest shareholders	38 126 150	87.50 %	87.50 %
Total other shareholders	5 446 041	12.50 %	12.50 %
Total no. of shares	43 572 191	100.00 %	100.00 %

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	6 475 494	14.86 %	14.86 %
Kristine Landmark	Vice Chair	38 999	0.09 %	0.09 %
Endre T. Glastad v/ Glastad Invest AS	Board member	5 632 014	12.93 %	12.93 %
Ola Loe	CFO	138 769	0.32 %	0.32 %
Klaus Hatlebrekke	COO	82 743	0.19 %	0.19 %

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 2015, however not later than 30 June 2015. 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 60.00. The group owns 33 739 treasury shares at the end of 2014. In 2014 the company entered into TRS (Total return swap) agreements against own shares. At 31 December 2014 Norway Royal Salmon ASA's underlying exposure through TRS agreements is 3 549 889 shares, representing 8.15 per cent of the share capital in the company.

Treasury shares	No. of shares	Payment (NOK 1000)
Book value as of 1 January	30 085	-2 054
Purchase of treasury shares in the period	1 589 246	-69 526
Sale of treasury shares in the period	-1 585 592	69 244
Book value 31 December	33 739	-2 336

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 2015, however not later than 30 June 2015.

Dividend:

The board has proposed a dividend of NOK 65 358 287 (NOK 1.50 per share) based on the annual accounts for the financial year 2014. The resolution will be adopted at the Annual General Meeting of 28 May 2015. In 2013 an extraordinary dividend of NOK 43 542 106 was paid (NOK 1.00 per share). In addition a dividend of NOK 95 792 633 (NOK 2.20 per share) was paid based on the annual accounts for the financial year 2013. The dividend was partly distributed in cash, 1.10 per share, totaling NOK 46,666,021, and partly by distribution of 1 114 778 shares. The dividend was transferred in June 2014.

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)	2014	2013
Majority share of net result for the year	254 348	302 434
Fair value adjustments	-52 895	-90 852
Tax on changes in fair value adjustments	14 282	24 530
Majority share of value-adjusted result for the year	215 735	236 112
Weighted average number of ordinary shares outstanding	43 494 336	43 467 701

Basic earnings per share:

	2014	2013
Basis	5.85	6.96
Diluted	5.85	6.96

Value-adjusted earnings per share:

	2014	2013
Basis	4.96	5.43
Diluted	4.96	5.43

Shares outstanding:

(NOK 1 000)	2014	2013
Shares outstanding as of 1 January	43 542 106	43 572 191
Effect of purchase of treasury shares	-3 654	-30 085
Shares outstanding as of 31 December	43 538 452	43 542 106

■ NOTE 23. Inventory

(NOK 1 000)	31.12.2014	31.12.2013
Raw materials	22 927	16 864
Finished goods	17 343	10 174
Total inventory	40 270	27 038

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	31.03.15	912
Property lease Kristiansand	Three months' notice	291
Property rental leases		1 441
Leases other equipment		788
Annual operating lease costs		3 433

■ NOTE 25. Auditor's fees

(NOK 1 000)	2014	2013
Statutory auditing services	306	370
Other attestation services	39	0
Tax advisory services	0	0
Other services	0	44
Total auditor's fees	345	414

All auditor's fees are exclusive VAT.

NOTE 26. Available-for-sale financial assets

2014

(NOK 1 000)	31.12.13	Sale	Purchase	31.12.2014
Available-for-sale financial assets	1 395	-	500	1 895
Total available-for-sale financial assets	1 395	-	500	1 895

2013

(NOK 1 000)	31.12.12	Sale	Purchase	31.12.2013
Available-for-sale financial assets	3 335	-2 441	500	1 395
Total available-for-sale financial assets	3 335	-2 441	500	1 395

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).

<i>Available-for-sale financial assets comprise:</i> (NOK 1 000)	Ownership share	31.12.2014	31.12.2013
Company			
Espevær Eiendom AS	16.07 %	500	500
Arctic Filet AS	16.00 %	1 000	500
Other unlisted shares		395	395
Total available-for-sale financial assets		1 895	1 395

NOTE 27. Related parties

Goods and services purchased:

(NOK 1 000)	2014	2013
Associates – products purchased	217 355	205 180
Associates – services purchased	22 412	25 155
Associates – equipment hire	0	350
Enterprise controlled by large shareholder – purchase of products	11 613	12 264
Enterprise controlled by board members – purchase of services	9 845	5 882
Total goods and services purchased from related parties	261 225	248 831

■ NOTE 27. cont.

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.

Wellboat 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.

Trade payables due to services purchased:

(NOK 1 000)	2014	2013
Associates	78 094	76 460
Total services purchased from related parties	78 094	76 460

Loans to related parties:

(NOK 1 000)	2014	2013
<i>Loans to the former CEO:</i>		
Book value 1 January	127	273
Repayment	-129	-150
Interest added to loan	2	5
As of 31 December 2014	0	127

■ 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 concerns the company's aquaculture facility in Lenvik municipality in the period June 2012 to February 2013.

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

The indictment reserves the right to request that the court confiscates dividend for saved costs by not implementing sea lice reducing measures, and loss of rights in the form of loss of the right to exercise awarded green licenses to farm salmon, trout and rainbow trout of 11 April 2014 and the right to exercise co-localisation of green licenses belonging to NRS Feøy AS of 17 December 2014. Nord Senja Laks AS was in 2014 awarded two green licenses.

Nord Senja Laks AS received the indictment on 17 February 2015 and has so far had limited opportunities to familiarize themselves with the subject matter and has therefore not made any provision in the accounts for 2014.

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Income statement

(NOK 1 000)	Note	2014	2013
Sales revenues	2	2 577 739	2 579 059
Other operating revenues	14	6 311	6 170
Total sales revenues		2 584 050	2 585 229
Cost of materials	14	2 536 504	2 525 072
Personnel expenses	3,5	45 627	39 044
Depreciation	7	279	638
Other operating expenses	4,7	29 619	22 546
Total operating expenses		2 612 030	2 587 301
Net operating result		-27 980	-2 072
Financial items			
Income from associates and subsidiaries	6,8	143 564	181 561
Other interest income	6,14	7 665	13 867
Other financial income	6,18	5 554	35 934
Other interest expenses	6	-15 344	-21 310
Other financial expenses	6,18	-1 222	-1 827
Net financial items		140 216	208 225
Result before tax		112 236	206 153
Tax	13	9 590	1 781
Net result for the year		121 826	207 933
Allocations:			
Allocated to dividend	12	65 358	95 793
Allocated to reserve for valuation variances	12	23 072	174 460
Allocated to/(from) other equity	12	33 395	-62 320
Total allocations		121 826	207 933

Balance sheet

ASSETS (NOK 1 000)	Note	31.12.14	31.12.13
Assets			
Non-current assets			
Intangible assets			
Deferred tax assets	13	29 859	11 033
Total intangible assets		29 859	11 033
Property, plant and equipment			
Fixtures, office equipment, etc.	7,16	76	906
Total property, plant and equipment		76	906
Non-current financial assets			
Investments in subsidiaries	8,16	523 953	509 177
Investments in associates	8,16	120 218	112 602
Loans to group companies	10	1 200	1 200
Investments in other shares	9,16	1 001	501
Other non-current receivables	10,16	0	127
Total non-current financial assets		646 371	623 608
Total non-current assets		676 307	635 546
Current assets			
Inventory	11,16	17 343	10 174
Total inventory		17 343	10 174
Receivables			
Accounts receivables	14,16	413 125	408 470
Other receivables	14,16,18	27 826	73 516
Total receivables		440 951	481 986
Cash and cash equivalents	17	313 980	165 760
Total current assets		772 274	657 920
Total assets		1 448 581	1 293 466

EQUITY AND LIABILITIES (NOK 1 000)	Note	31.12.14	31.12.13
Equity			
Paid-in capital			
Share capital	12	43 572	43 572
Treasury shares	12	-34	-30
Other paid-in equity	12	84 895	83 526
Total paid-in capital		128 433	127 068
Retained earnings			
Reserve for valuation variances	12	293 960	270 888
Other equity	12	102 577	94 606
Total retained earnings		396 537	365 495
Total equity		525 971	492 563
Liabilities			
Provisions			
Pension liabilities	5	18 732	10 319
Total provisions		18 732	10 319
Other non-current liabilities			
Debt to credit institutions	15,16	400 000	213 750
Total other non-current liabilities		400 000	213 750
Current liabilities			
Accounts payables	14	374 855	455 956
Public charges payable		4 768	3 697
Dividend	12	65 358	95 793
Other current liabilities	14	59 897	21 389
Total current liabilities		504 878	576 835
Total liabilities		923 610	800 903
Total equity and liabilities		1 448 581	1 293 466
Guarantee liabilities	16	7	2 573

Trondheim, 14 April 2015


 HELGE GÅSØ
 Chair


 KRISTINE LANDMARK
 Vice Chair


 ENDRE GLASTAD


 INGE KRISTOFFERSEN


 TRUDE OLAFSEN


 MARIANNE E. JOHNSEN


 CHARLES HØSTLUND
 CEO

Cash flow

(NOK 1 000)	Notes	2014	2013
Operating result		-27 980	-2 072
Depreciation	7	279	638
Loss on sales of fixed assets		551	0
Pension costs with no cash effect		-716	465
Share based payment		-1 137	-282
Change in inventories		-7 169	-4 414
Change in accounts receivables		-4 655	-127 378
Change in accounts payables		-81 101	145 149
Change in other current assets and other liabilities		59 897	-48 657
Net cash flow from operating activities		-62 031	-36 551
Cash flow from investing activities			
Payments for purchase of property, plant and equipment	7	0	-148
Proceeds from investments in non-current financial assets	8	125 639	39 830
Proceeds from sale of financial assets		-500	-500
Change in loans to subsidiaries, associates and others		127	4 889
Net cash flow from investing activities		125 266	44 073
Cash flow from financing activities			
Receipts from new non-current borrowings		400 000	0
Non-current debt repayments		-213 750	-11 250
Purchase/sale of treasury shares		-252	-2 054
Net interest payments		-7 679	-6 157
Dividend payment		-93 332	-43 542
Net cash flow from financing activities		84 985	-63 003
Net increase/ reduction in cash and cash equivalents		148 220	-55 481
Cash and cash equivalents as of 1 January		165 760	221 242
Cash and cash equivalents as of 31 December		313 980	165 760

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 on the basis of 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 to be 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 made on the basis of 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 on the basis of 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 pro rata 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)	2014	2013
Norway	152 780	103 189
Western Europe	1 405 543	1 308 558
Eastern Europe & Russia	504 699	742 487
Asia & Middle East	503 723	425 993
Other countries	17 305	5 001
Total operating revenues	2 584 050	2 585 229

NOTE 3. Personnel expenses and benefits

(NOK 1 000)	2014	2013
Wages and salaries	35 050	29 988
National insurance contributions	6 252	5 309
Pension costs – defined benefits scheme	3 831	3 156
Other benefits	494	590
Total salary and personnel expenses	45 627	39 044
Average number of full-time-equivalents	34	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 fees

(NOK 1 000)	2014	2013
Statutory auditing services	186	255
Other attestation services	36	0
Tax advisory services	0	0
Other services	0	41
Total auditor's fees	222	296

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.

With effect from 1. January 2013 the Company has applied IAS 19 Employee Benefits and changed the basis for calculating pension liabilities and pension costs. NRS ASA recognise pension cost and liabilities under IAS 19 with pursuant to NRS 6. The company has previously

used the corridor method of accounting for unrecognized actuarial gains or losses. The corridor method is no longer permitted, all estimates are recognized directly in equity.

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)	2014	2013
Current service cost	3 302	2 800
Interest expenses	105	291
National insurance contributions	528	419
Administrational expences	169	62
Amortisation of net actuarial losses (gains)	186	0
Employee contributions to the scheme	-460	-415
Net pension cost – defined benefit scheme	3 831	3 156

Assumptions

	2014	2013
Discount rate	2.30 %	4.10 %
Future salary increases	2.75 %	3.75 %
Inflation rate	2.50 %	3.50 %
Future pension increase	0.00 %	0.60 %

Number of people covered by the scheme:

In work	34	32
Pensioners	5	5
Total	39	37

Net pension liabilities:

(NOK 1 000)	31.12.2014	31.12.2013
Pension liabilities	46 702	35 855
Fair value of plan assets	-27 970	-25 537
Pension liability	18 732	10 318

NOTE 6. Financial income and financial expenses

Financial items included in the income statement:

(NOK 1 000)	2014	2013
Income from associates and subsidiaries	143 564	181 561
Gains on TRS-agreements	5 147	30 676
Sale of shares ¹⁾	0	1 852
Interest income	7 665	13 383
Fair value changes interest rate swap	0	484
Fair value changes Fish Pool contracts	0	3 318
Agio	372	0
Other financial income	35	88
Financial income	156 783	231 361
Interest expenses	15 344	21 310
Change in market value interest rate swap	152	0
Foreign exchange loss	0	462
Other financial expenses	1 070	1 365
Financial expenses	16 567	23 137
Net financial items	140 216	208 225

1) Sale of Aqua Gen AS

NOTE 7. Property, plant and equipment

(NOK 1 000)	Operating consumables, fixtures, office equipment and vehicles	2014	2013
Acquisition cost 1 January		2 301	2 153
Additions		0	148
Disposals		-944	0
Acquisition cost 31 December		1 357	2 301
Accumulated depreciation 1 January		1 395	757
Depreciation for the year		279	638
Disposals		-393	0
Accumulated depreciation 31 December		1 281	1 395
Book value 31 December		76	906
Useful economic life		5-7 years	5-7 years
Depreciation method		Straight-line	Straight-line
Annual leasing cost of uncapitalised operating assets		1 520	1 412
Lease duration		0-3 years	1-3 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	10.08.07	82.50 %	65 957
NRS Feøy AS	Yes	Feøy	10.10.07	100.00 %	105 711
NRS Finnmark AS	Yes	Alta	01.08.08	100.00 %	288 174
Nord Senja Laks AS	Yes	Botnhamn	01.07.10	66.67 %	64 110
Total investment in subsidiaries					523 953
Wilsgård Fiskeoppdrett AS	No	Torsken	19.08.08	37.50 %	51 154
Måsøval Fishfarm AS	No	Frøya	03.01.03	36.10 %	13 703
Hellesund Fiskeoppdrett AS	No	Lillesand	21.02.04	33.50 %	36 164
Ranfjord Fiskeprodukter AS	No	Mo i Rana	30.09.12	37.75 %	9 915
Hardanger Fiskeforedling AS	No	Kvam	16.05.11	31.10 %	8 127
Espevær Laks AS	No	Bømlo	10.02.06	37.50 %	1 106
Other	No				48
Total investment in associates					120 218

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 2014	53 651	57 160	106 201	292 164	509 177
Share of profit/loss for the year	14 610	15 561	-490	96 010	125 691
Equity adjustments and dividend	-4 152	-6 764	0	-100 000	-110 916
Closing balance 31 December 2014	64 110	65 957	105 711	288 174	523 953

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 Fiske- oppdrett AS	Måsøval Fishfarm AS	Hellsund Fiske- oppdrett AS	Ranfjord Fiske- produkter AS	Other	Total
Acquisition cost at 31.12.2014	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	0	
Excess value and goodwill as of 31 December 2014	17 205	7 699	11 807	3 308	0	
Opening balance 1 January 2014	46 668	14 291	31 974	11 797	7 872	112 602
Additions/disposals	0	0	0	0	0	0
Share of profit/loss for the year	7 242	5 729	5 210	523	1 410	20 115
Amortisation of excess values and goodwill during the period	0	0	0	-2 242	0	-2 242
Dividend	-2 756	-6 317	-503	0	0	-9 577
Equity adjustments	0	0	-517	-163	0	-681
Closing balance 31.12.2014	51 154	13 703	36 164	9 915	9 282	120 218

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. NOK 11 211 out of a total excess value of NOK 12 211 has been allocated to goodwill. Goodwill is amortised over 5 years.

Income from subsidiaries and associates	2014
Share of profit/loss for the year from subsidiaries	125 691
Share of profit/loss for the year from associates	20 115
Amortisation of excess values and goodwill, associates	-2 242
Total revenue recognised	143 564

NOTE 9. Shares in other companies

(NOK 1 000)	Share holding	Book value
Fiskerinæringens Innkjøpslag AS		1
Arctic Filet AS	16.0 %	1 000
Total investment in other shares		1 001

■ NOTE 10. Receivables due in more than one year

(NOK 1 000)	2014	2013
Loans to associates	1 200	1 200
Total receivables due in more than one year	1 200	1 200

■ NOTE 11. Inventory

(NOK 1 000)	2014	2013
Finished goods	17 343	10 174
Total inventory	17 343	10 174

■ NOTE 12. Share capital and shareholders

Share capital as at 31 Dec 2014 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 970 shareholders as at 31 December 2014. All shares afford the same rights in the company.

The board has proposed a dividend of NOK 1,50 per share for the year 2014.

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 2013	43 572	-30	83 526	270 888	94 606	492 563
<i>Change in the year:</i>						
Net result for the year	0	0	0	23 072	98 754	121 826
Other changes associated companies	0	0	0	0	-163	-163
Allocated, but not distributed dividend	0	0	0	0	2 461	2 461
Cash flow hedges	0	0	0	0	-18 306	-18 306
Share based payment	0	0	1 369	0	-2 506	-1 137
Actuarial losses	0	0	0	0	-6 665	-6 665
Proposed dividend	0	0	0	0	-65 358	-65 358
Purchase of treasury shares	0	-1 195	0	0	-48 153	-49 348
Sale of treasury shares	0	1 191	0	0	47 905	49 096
Equity as of 31 December 2014	43 572	-34	84 895	293 960	102 577	524 971

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

NOTE 13. Taxation

(NOK 1 000)	2014	2013
Tax payable	0	0
Change in deferred tax	9 590	1 781
Tax related to profit/loss for the year	9 590	1 781

Tax payable in the balance sheet:

(NOK 1 000)	31.12.14	31.12.13
Tax payable	0	0
Tax on group contributions	0	0
Tax payable	0	0

Specification of deferred tax and basis for deferred tax:

(NOK 1 000)	31.12.2014	31.12.2013
Property, plant and equipment	1 076	559
Inventories	304	0
Trade receivables	4 017	4 664
Financial instruments	27 426	4 994
Pensions	18 732	10 319
Other temporary differences	3 926	3 774
Tax losses carried forward	55 108	16 553
Basis for deferred tax	110 588	40 862
Deferred tax assets	29 859	11 033
Deferred tax on items recognised directly in equity	9 236	2 498

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2014	2013
Result before tax	112 236	206 153
27 % tax on profit	30 304	55 661
27 % tax on permanent differences	-1 131	-8 448
Income from associates with the equity method and gains on shares	-38 762	-51 380
Change in deferred tax as a result of changed tax rate	0	325
Tax related to the result for the year	-9 590	-3 842
Effective tax rate *	-8.5 %	-1.9 %

* The negative effective tax rate in 2014 is due to the results from subsidiaries and associated companies, MNOK 143.6 (MNOK 181.6) being included in profit before tax.

■ NOTE 14. Intra-group transactions and balances

Intra-group balances:

	Non-current receivables		Trade receivables		Other current receivables	
(NOK 1 000)	2014	2013	2014	2013	2014	2013
Group companies	0	0	0	0	0	0
Associated companies	1 200	1 200	0	3	0	0
Total	1 200	1 200	0	3	0	0

	Trade payables		Other current liabilities	
(NOK 1 000)	2014	2013	2014	2013
Group companies	64 077	183 455	0	0
Associated companies	53 111	29 960	0	0
Total	117 189	213 415	0	0

Transactions with group companies:

(NOK 1 000)	2014	2013
Other operating revenues	2 292	2 500
Cost of goods sold	844 143	923 049
Other interest income	1	121

■ NOTE 15. Long-term liabilities

Instalment profile – debt to credit institutions:

(NOK 1 000)	2015	2016	2017	2018	Totalt
Debt to credit institutions	0	0	0	0	400 000
Total	0	0	0	0	400 000

Long-term credit facility related to the Group's financing agreement is MNOK 500. The loan is installment-free until 2019 and has subsequently an annual credit review for a further extension of 5 years. The Group has a NOK 500 million short-term multi-currency overdraft facility of MNOK 400.

As of 31 December 2014 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 16. Assets pledged as securities, guarantees, etc.

Capitalised secured liabilities

(NOK 1 000)	31.12.2014	31.12.2013
Long-term debt to credit institutions	400 000	213 750
Short-term debt to credit institutions	0	0
Total secured liabilities	400 000	213 750

Book value of assets pledged as security

(NOK 1 000)	31.12.2014	31.12.2013
Shares	0	621 617
Property, plant and equipment	76	906
Inventories	17 343	10 174
Accounts receivables	413 125	408 470
Other receivables	0	43 321
Total secured liabilities	430 554	1 084 488

Guarantee liabilities	7	2 573
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In addition to the above-mentioned guarantees, the company had the following liabilities as of 31 December 2014:

- 1) Norway Royal Salmon ASA has given guarantees to credit institutions with respect to some of its subsidiaries' leasing liabilities. As of 31 December 2014 the total recognised leasing liabilities for which NRS has pledged security amounted to KNOK 158 213.
- 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 17. Liquidity

As at 31 December 2014 the company had restricted deposits of KNOK 59 036. Of the funds, KNOK 39 149 have been pledged as security for the company's trading activities on Fish Pool. KNOK 8 959 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 18. Derivatives

Forward currency contracts

Forward currency contracts are recognised at fair value at the balance sheet date. As of 31 December 2014 forward currency contracts totalled EUR, USD, JPY and GBP. These contracts mature between 02 January 2015 and 05 February 2016, 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.

As of 31.12.2014

(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	15.01.15	0,0603	-84
Forward currency contracts – cash flow hedging	Sale	USD	10 000	19.03.15	7,379-7,540	527
Forward currency contracts – fair value hedging	Sale	EUR	24 000	19.03.15	8,823-9,431	3 724
Total forward currency contracts						-27 426

As of 31.12.2013

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	13 897	06.01.14-15.12.14	7,692-8,414	-5 755
Forward currency contracts – cash flow hedging	Sale	USD	9 634	09.01.14-15.01.15	5,956-6,266	-548
Forward currency contracts – cash flow hedging	Sale	GBP	9 395	09.01.14-15.01.15	9,824-10,163	-712
Forward currency contracts – cash flow hedging	Sale	JPY	130 000	18.02.14-15.07.14	0,0584-0,0587	43
Forward currency contracts – fair value hedging	Sale	EUR	16 000	25.03.14	8,426-8,525	1 978
Total forward currency contracts						-4 994

Financial Fish Pool contracts

Contracts have been signed to purchase 8 052 tonnes on the Fish Pool salmon exchange. The contract prices are in the range NOK 40.50–NOK 48.50 and cover the period from January 2015 to January 2016. The sales department enters into the contracts with the aim of hedging margins linked to deliveries of fixed-price contracts to customers.

As of 31.12.2014

(NOK 1 000)	Type	Currency	Volume (tons)	Currency period	Exchange rate range	Book value
Fish Pool contracts	Purchase	NOK	8 052	01.01.15-31.01.16	40,50-48,50	12 821
Total						12 821

As of 31.12.2013

(NOK 1 000)	Type	Currency	Volume (tons)	Currency period	Exchange rate range	Book value
Fish Pool contracts	Purchase	NOK	3 707	01.01.14-31.12.14	34,00-46,00	10 464
Fish Pool contracts	Sale	NOK	2 670	01.01.14-31.12.14	35,90-38,12	-7 137
Total						3 327

Total return swap

In 2014 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 3,549,889 shares, representing 8,15 % of the share capital of the company. The agreements expires in the period 12.03.2015 to 19.03.2015. The exercise price is between NOK 30.3077 and NOK 52.3399. The unrealised gain on the derivative has not been recognised in the accounts. The company has realised previously entered into agreements during 2014. The gain on realisation amounts to KNOK 5 5 147 (2013: KNOK 30 676) and is posted as a finance post in the accounts. Unrealised gain on the agreements in 2014 was KNOK 95 267 (2013: KNOK 16 859).

(NOK 1 000)	Number of shares	Exercise price	Maturity	Fair value as of 31.12.2014
TRS 1	2 396 348	30,3077	19.03.15	83 720
TRS 2	759 299	33,2873	12.03.15	23 441
TRS 3	394 242	52,3399	12.03.15	4 965
Total	3 549 889			112 126

(NOK 1 000)	Number of shares	Exercise price	Maturity	Fair value as of 31.12.2013
TRS 1	1 334 864	27,2456	13.03.14	13 182
TRS 2	2 335 013	36,1363	20.03.14	2 688
TRS 3	400 000	35,5026	13.03.14	647
TRS 4	200 000	35,4138	13.03.14	341
Total	4 269 877			16 859

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 31.12.2014					Market value 31.12.13	Market value 31.12.14	Change in market value 2014
Currency	Amount	NRS pays	NRS receives	Maturity			
NOK	100 000	Fixed 3.37%	3 MND NIBOR	07.09.16	-3 774	-3 926	-152

As of 31.12.2013					Market value 31.12.12	Market value 31.12.13	Change in market value 2013
Currency	Beløp	NRS pays	NRS receives	Maturity			
NOK	100 000	Fixed 3.37%	3 MND NIBOR	07.09.16	-4 258	-3 774	484

NOTE 19. 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.



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 2014 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 2014.

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, 14 April 2015


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 2014, 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 2014, 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.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent auditor's report - 2014 - Norway Royal Salmon ASA, page 2

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 2014, 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 2014, 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, 14 April 2015

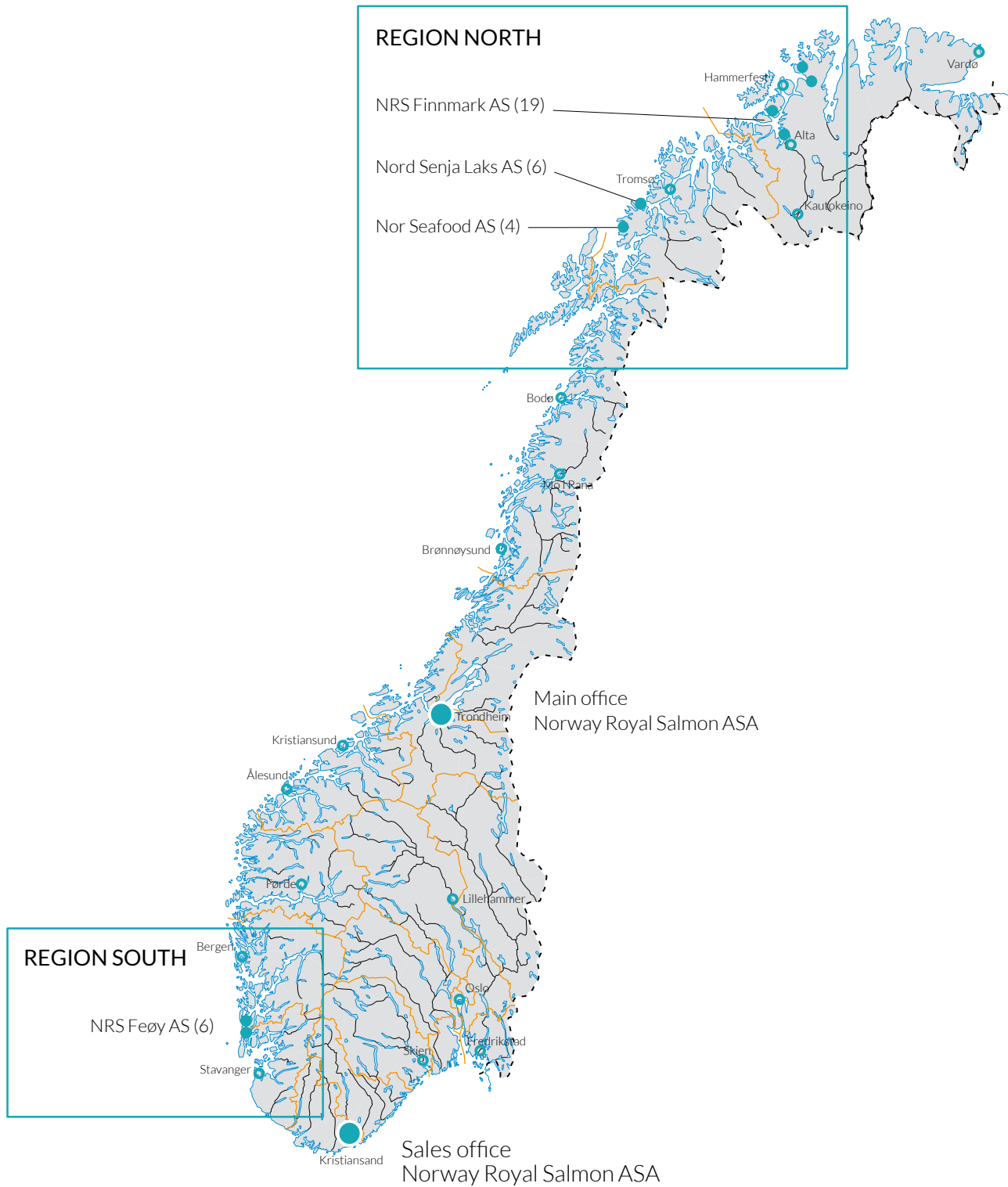
PricewaterhouseCoopers AS

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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