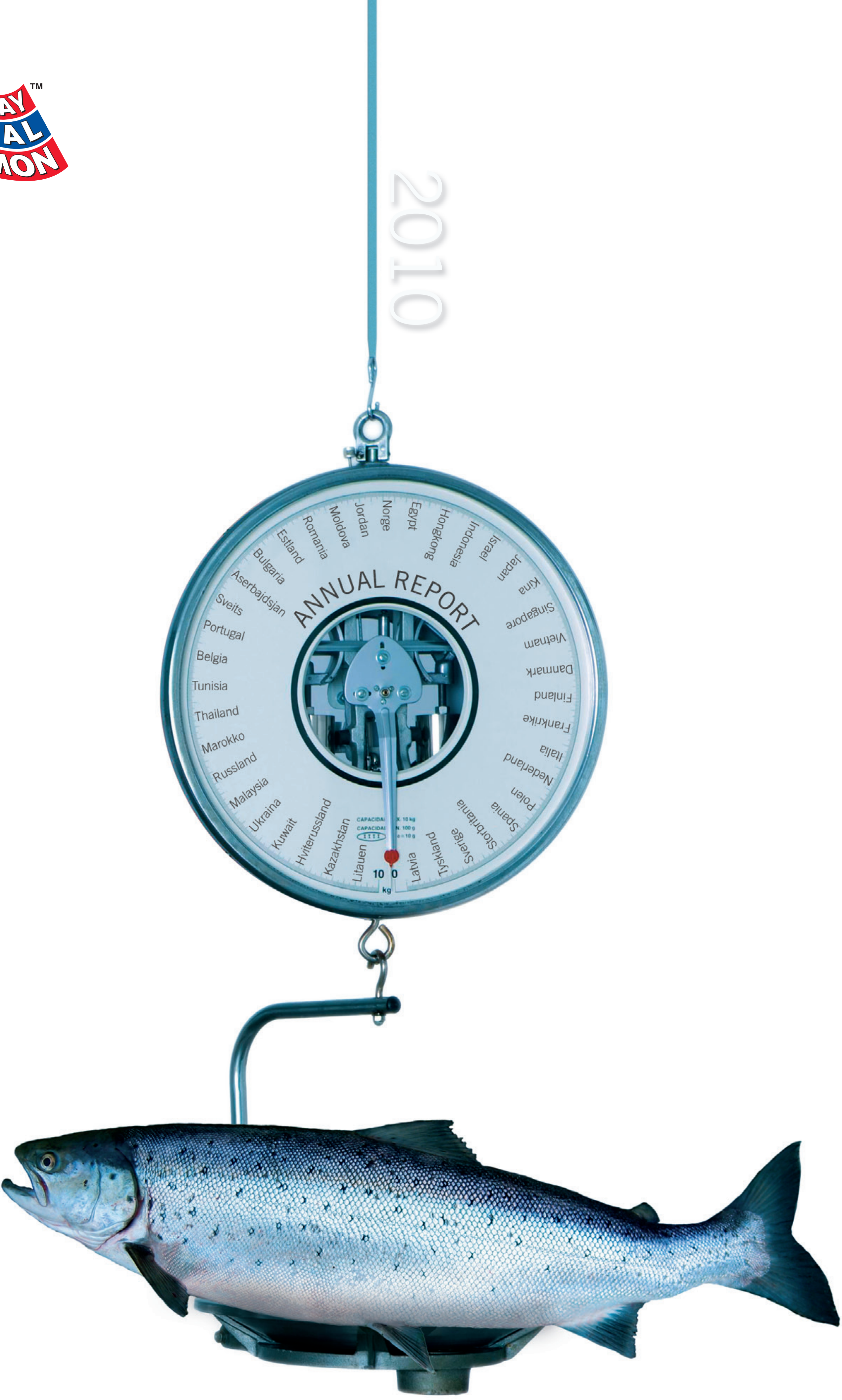
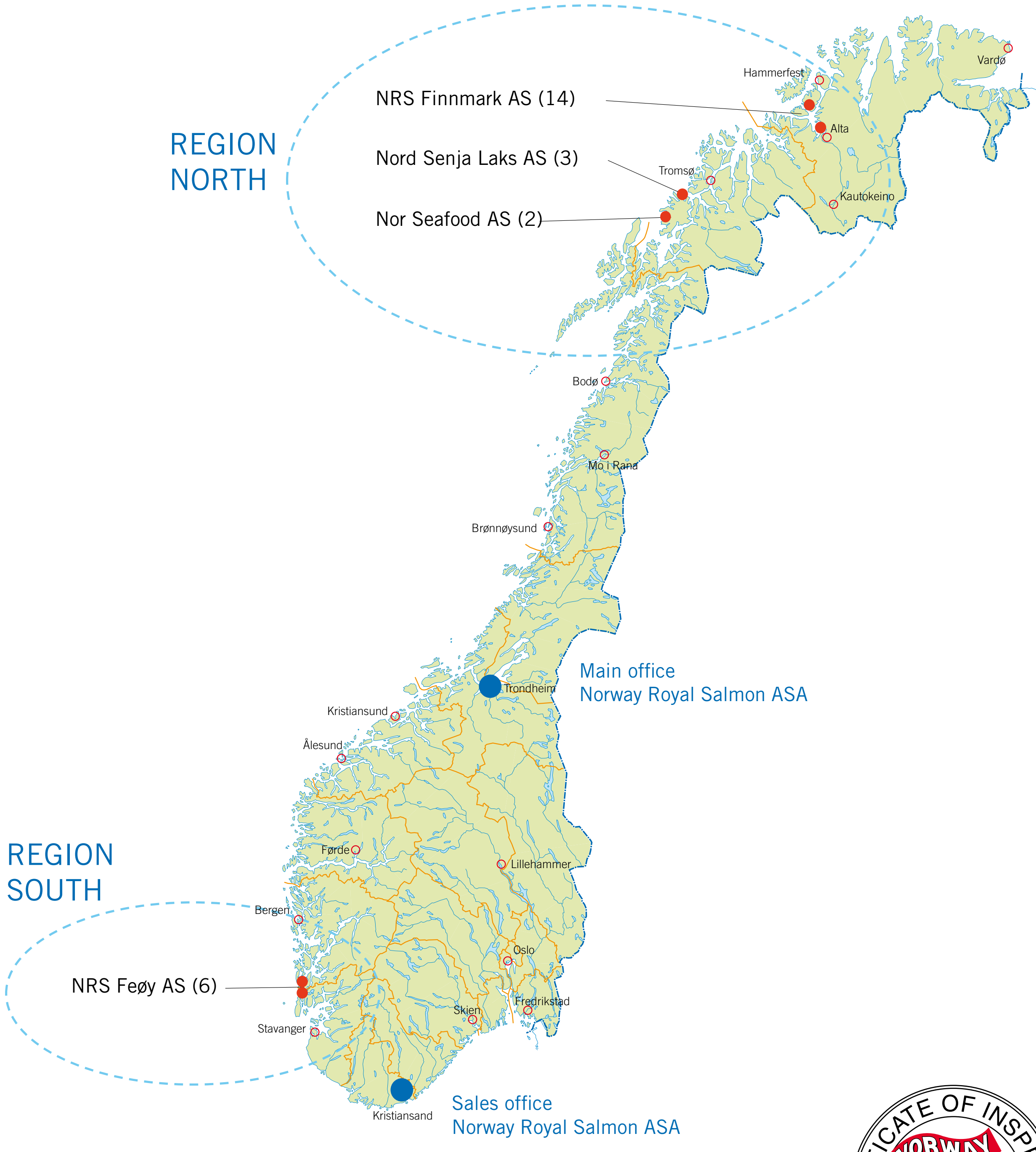
NORWAY ROYAL SALMON™



Norway Royal Salmon ASA is the majority shareholder in four companies, which operate 25 fish farming licences. These are located in Alta and Senja in northern Norway (Northern Region) and in the area around Haugesund (Southern Region). The number of licences is stated in parentheses.



CONTENTS

A STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

2010 was without doubt a special year for Norwegian aquaculture – due mainly to the fact that demand for Norwegian salmon continued to outstrip supply and thus steadily pushed up prices throughout the year. In addition, problems associated with outbreaks of disease were kept under control to a greater extent than in the past, as evidenced by a genuine decrease in reported, critical salmon diseases across the entire country. The two main risk areas for aquaculture have historically been related to biological production and the balance between supply and demand. It also follows that when developments in both these areas favour the industry, the results can be extremely positive.

This is not to say that aquaculture does not currently face a number of challenges. The past year has seen a significant ramping up of pressure and attacks on the aquaculture industry from environmental organisations and other stakeholder groups, which have had some adverse effects on the reputation of the industry in general. Criticism has, to a large extent, centred on problems concerning salmon lice and escapes. To date, this has not resulted in significant unfavourable market reactions. However, the business must maintain a good reputation in Norway if it is to continue to thrive in the future. It is important that businesses within the industry come together to coordinate the initiatives required to show the industry in a positive light, at the same time as addressing the real problems relating to these issues and taking appropriate remedial measures.

NRS continued its planned growth in the year under review and, following the inclusion of Nord Senja Laks AS as a subsidiary in 2010, NRS's subsidiaries now own a total of 25 fish farming licences. We also purchased shares in a smolt production plant in Nordland during the year. In order to further streamline and improve the efficiency of the company's organisation, we also implemented a number of internal restructuring measures and mergers, the benefits of which will become clear in the future. Our operations in Finnmark were merged to form NRS Finnmark AS. Similarly, our two companies in Hordaland and Rogaland merged to trade under the name NRS Feøy AS. We have also continued to develop the company's internal organisation and, over the course of the year, several new staff were taken on in all our departments.

The company's decision to work towards an IPO of the company in the first half of 2011 has been a major focus of the administration, and significant initiatives have been implemented in this regard. Internal routines have been tailored to suit new, more stringent regulatory frameworks imposed on listed companies, and I believe the process has generally sharpened up the organisation. The entire company's administration is now more efficient than it was at the start of the process. It is therefore also pleasing to be able to confirm that, as the company is now listed on the Oslo Stock Exchange, all the Group's employees have become shareholders in the company.

The production and sale of salmon is an extremely exciting business that is well placed to continue its positive development in the foreseeable future. Salmon is a very healthy food that is enjoying growing demand across the world. The relation between supply and demand on the global market has seldom been better than it has been recently, and many conditions imply that this situation should continue. Nonetheless, we must act with humility and continue to maintain a strong focus on efficient and sustainable biological production as we move forward.

All NRS employees are extremely keen to do all they can to ensure that NRS remains a well-run salmon company that creates significant long-term value, both for its shareholders and for the communities in which it is active.

John Binde
Chief Executive Officer

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 %. Change of name to Norway Royal Salmon Sales AS, and at the same time Salmon Invest AS was established

1998
Acquisition resulting in 31.1 % of the shares in Hardanger Fiskeforedling AS

2003
Merger of Norway Royal Salmon AS, Norway Royal Salmon Sales AS and Salmon Invest AS

Acquisition resulting in 36.1 % of the shares in Måsøval Fishfarm AS

2004
Acquisition resulting in 48.0 % of the shares in Larssen Seafood AS

Acquisition resulting in 33.5 % of the shares in Hellesund Fiskeoppdrett AS

2006
Private placement in which the Company raised gross proceeds of NOK 50 million

Acquisition of 37.5 % of the shares 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 (later renamed NRS Finnmark AS)

Acquisition resulting in 76.24% ownership of AS Tri and Salmo Arctica AS (later merged into AS Tri)

Acquisition of 37.5 % of the shares in Wilsgård Fiskeoppdrett AS

2009
Acquisition resulting in 100% ownership of AS Brilliant Fiskeoppdrett (subsequently merged into NRS Feøy AS)

2010
Acquisition resulting in 66.67% 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
Private placement in which the Company raised gross proceeds of NOK 46.1 million

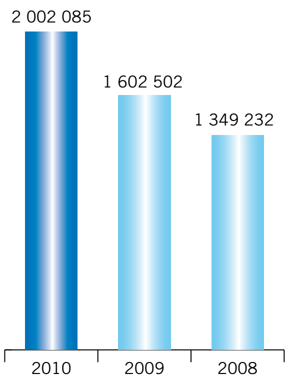
Norway Royal Salmon ASA is listed on Oslo Stock exchange

Chief Financial Officer Ola Loe, Chief Executive Officer John Binde and Chief Operating Officer Roger Bekken.

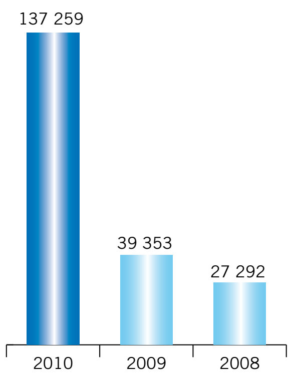
KEY FIGURES

(NOK 1 000)	**2010**	**2009**	**2008**
Operating revenue	2 002 085	1 602 502	1 349 232
Volume sold (tones)	49 584	47 200	45 400
Volume of own fish harvested (tones gutted weight)	10 677	6 828	5 195
EBITDA - before fair value adjustment	154 196	51 828	33 450
EBIT - before fair value adjustment and none recurring items	137 259	39 353	27 292
EBIT	149 129	82 926	20 646
EBT	168 925	80 726	-9 308
Profit/ loss for the year	132 127	76 537	-9 388
EBITDA margin	7.7 %	3.2 %	2.5 %
EBIT margin - before fair value adjustment and none recurring items	6.9 %	2.5 %	2.0 %
EBIT per kg - own production	11.65	3.39	2.54
Book value of biological assets	385 975	256 142	125 175
Book value per fish-farming license excl. deferred tax	14 868	13 408	16 116
Total capital	1 464 838	1 083 029	848 298
Net interest-bearing debt	425 992	368 502	250 447
Book equity	579 796	400 320	327 799
Equity ratio %	39,6 %	37.0 %	38.6 %
Net cash flow from operating activities	63 071	-41 209	13 275
Net cash flow from investing activities	-83 599	-29 794	-129 412
Earnings per share	3.32	1.97	-0.28
Number of shares as at 31 December	37 229 198	36 288 408	36 288 408
Number of employees (full-time equivalents)	73	52	43

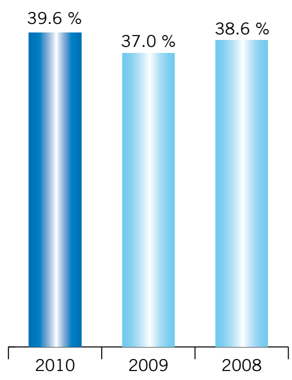
Operating revenues
(NOK 1 000)



EBIT before fair value adjustment
and none recurring items
(NOK 1 000)

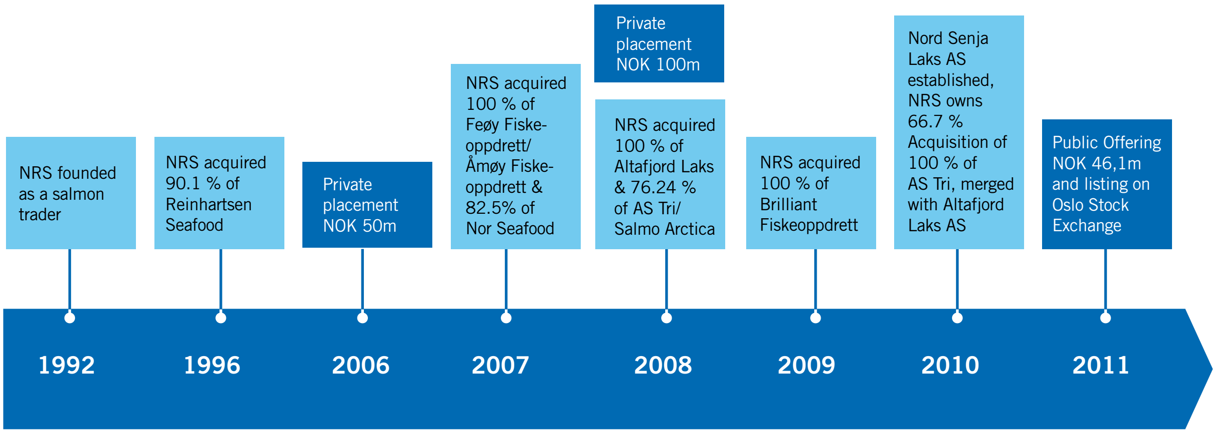


Equtiy ratio %

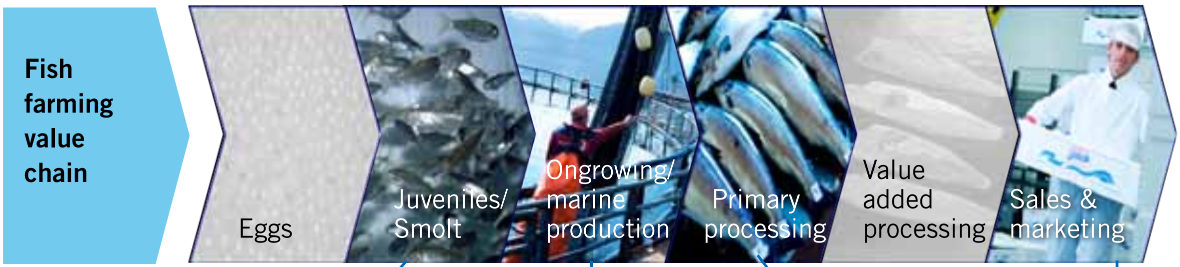


NORWAY ROYAL SALMON
– FROM SALES COMPANY TO INTEGRATED FISH FARMING COMPANY

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 2010, the Group's farming operation harvested close to 10,700 tonnes of fish, while the sales organisation sold almost 50,000 tonnes of salmon and trout.



In addition to the sales organisation – which constitutes the origin of the group – the Group currently has majority shareholdings in four subsidiaries that own a total of 25 licences. The Group also holds minority interests in eight companies, four of which are fish farming companies with a total of nine licences between them. There are also three harvesting plants and two smolt companies among these eight 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.



- Long term agreements to secure further supply in Northern Norway
- 27,65 % ownership in Rana Fiskeprodukter AS
- 30 % ownership in Skardalen Settefisk AS, co-owned with Wilsgård Fiskeoppdrett AS

- 25 majority owned licences (19 in the North Norway region, 6 in the South)
- Harvest volume 2010 ~10,700 GWT
- Harvest volume 2011E ~21,500 GWT
- 9 partly owned licences

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

- Sales from the 80 licenses in the NRS sphere
- Primarily fresh and frozen salmon and trout
- ~50,000 tons in 2010
- 95 % export to 49 countries in 2010

Fish farming – positioned for growth through unutilised capacity in existing licences

Production activities constitute a relatively new business area for the Group. In 2006, a strategic decision was taken that the Group was to set itself up as a fish farmer, and fish farming has been a part of the Group's activities since 2007. The fish farming operations comprise the raising of salmon and the associated harvesting activities.

The Group holds a total of 25 licences for edible fish production, and 10,677 tonnes of fish were harvested in 2010 – a 56 per cent increase on the previous year. The predicted harvest volume for 2011 is approx. 21,500 tonnes, while with 25 licences, the Group's total production capacity is around 30,000 tonnes.

The Group's planned growth through utilisation of capacity in the existing licences is illustrated in the table below:

	Region North	Region South	Total	Harvest volume growth (%)	Unutilized capacity (%)
Licenses	19	6	25		
Harvest volume 2009 (HoG)	4 495	2 333	6 828		
Harvest volume 2010 (HoG)	6 000	4 677	10 677	56 %	64 %
Harvest volume 2011e (HoG)	21 500		21 500	101 %	28 %
Harvest volume 2012e (HoG)	25 000		25 000	16 %	17 %
Capasity*	30 000		30 000	20 %	0 %

(*) Assumed average capacity of 1,200 tonne per licens

Fish farming with local management

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 25 licences: the Northern Region and the Southern Region.

The Northern Region

The Northern Region covers the business in West Finnmark and on Senja. In all, the Group operates 19 licences in the Northern Region. The harvest volume in this region in 2010 totalled 6,000 tonnes, compared to 4,495 tonnes in 2009. In 2010, the Group achieved margins that were among the best in the sector in this region, thus proving that this is an attractive area with good fish farming conditions that provide a solid basis for efficient operation and future growth.

In West Finnmark, the group is represented by its subsidiary NRS Finnmark AS, which is a company born of the merger between AS Tri and Altafjord Laks AS. NRS Finnmark has 14 licences for salmon farming. The Group expects strong growth in this region as four new licences were awarded in 2009, and because the maximum allowable biomass (MAB) volume was raised by 5 per cent in 2011. The large unutilised capacity makes Finnmark the biggest growth area for the Group. NRS Finnmark is attractively located in an area with only limited PD, lice problems and other fish diseases. In addition, the area provides good conditions for fish farming on account of its excellent water temperatures and limited algae growth on the nets, which translates into lower costs and profitable operation. In 2010, NRS Finnmark harvested 4,174 tonnes of fish, which represents a 38 per cent increase on the previous year. The total production capacity is approx. 17,000 tonnes.

The subsidiaries Nor Seafood AS and Nord Senja Laks AS constitute the activities on Senja in Troms. These two companies hold a total of five salmon farming licences. Together with Wilsgård Fiskeoppdrett AS – of which the Group owns 37.5 per cent – these companies form a little group that operates a total of eight fish farming licences. The Senja area is also an attractive location with good conditions for fish farming activities and only minor problems with lice. The Group was awarded one new licence on Senja in 2009, and the 5 per cent increase in maximum allowable biomass (MAB) in 2011 also applies to activities in Troms. The Group's two companies on Senja harvested a total of 1,826 tonnes in 2010, an increase of 25 per cent on the previous year. The total production capacity is approx. 6,000 tonnes.

The Southern Region

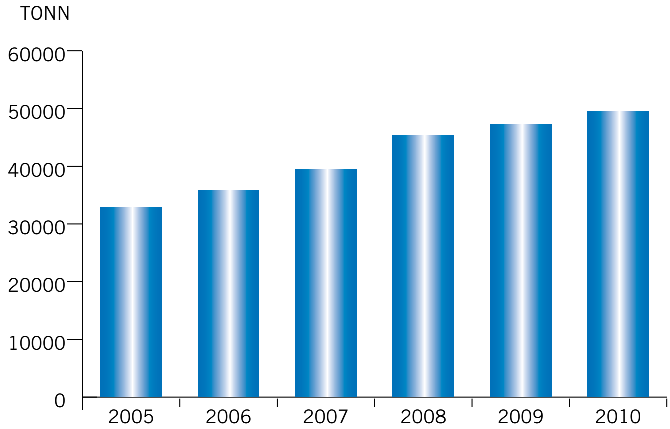
The Southern Region comprises the wholly owned subsidiary NRS Feøy AS, which is the result of the merger between Feøy Fiskeoppdrett AS and AS Brilliant Fiskeoppdrett. The company holds six licences in this region, and its activities are located in the border region between Hordaland and Rogaland. NRS Feøy AS has a working relationship with Hellesund Fiskeoppdrett AS aimed at reducing biological risk and improving harvest volumes. Parts of the production take place in Agder, which does not have problems with PD and salmon lice. NRS holds a 33.5 per cent share of Hellesund Fiskeoppdrett AS, which owns three licences. A total of 4,677 tonnes were harvested in the Southern Region in 2010, equivalent to an increase of approx. 100 per cent on 2009. The Southern Region has a total capacity of around 7,000 tonnes.

Sales with international focus

Sales activities comprise the purchase and sale 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 and trout, which were sold to customers in 49 countries in 2010. Around 95 per cent of all the company's sales were made to the international market. Western Europe accounted for 63 per cent of the company's exports, while the remainder were sold to countries in Eastern Europe, Russia, the Middle East, Canada, the United States, Africa and Asia.

Since its establishment, the sales activities and profitability have increased steadily year after year. In 2010, the company sold 49,584 tonnes, which represents a 5 per cent increase on the previous year. More than 80 per cent of the fish is purchased from associated producers that have entered into chain agreements with the Group. However, an increasing proportion of the fish sold stems from the Group's own fish farming operations.

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 and application of legal requirements regarding quality work and food safety. The fish farmers that have entered into chain agreements with the Group are obliged to sell a minimum of 75 per cent of their production through NRS.



Volume sold in sales organisation

In 2010 Norway Royal Salmon exported salmon to 49 contries. Only 5 perent was sold to the Norwegian market.

THE GLOBAL SEAFOOD SECTOR IS GROWING RAPIDLY

Over the past ten years, the fish farming sector has been one of the most rapidly developing sectors in the field of food production, with an average annual growth rate of around 6 per cent.

A steadily increasing proportion of the global population is achieving a higher standard of living, coupled with increased income. This is expressed in a rising demand for more expensive foods, including top-quality imported foods such as fish and seafood. In addition, focus is increasing on healthy dietary habits in industrialised countries, and because seafood has documented beneficial effects on people's health, this is one of the key drivers of global growth. In fact, fish production today is outstripping the growth in the global population.

Norwegian salmon to 96 countries

The seafood sector is important to Norway, and the salmon market is the most important of all. The value of Norwegian seafood exports in 2010 totalled NOK 53.7 billion, and exports reached record levels for the fourth year in succession. The increase on 2009 amounted to NOK 9.1 billion, as evidenced by figures from Statistics Norway and the Norwegian Seafood Export Council. A total of 2.67 million tonnes of seafood was exported in 2010, up 133,000 tonnes on 2009. In all, Norway exported salmon to 96 countries in 2010, with France as the largest market, followed by Poland, Russia, Denmark and the United States.

High quality fish

NRS enjoys a strong position in the value chain and in the seafood sector. The company is involved in everything from smolt production and fish production to harvesting, sales and marketing. The company's dedicated sales organisation sells farmed fish via a network consisting of own subsidiaries, associates, affiliated members and external producers. This ensures fish of the highest quality.

Systematised value creation

NRS has systematised value creation to ensure that the company provides valuable contributions to customers, employees and owners.

Long-term customer relationships

By preparing the conditions for – and providing – high quality products and its own sales organisation positioned close to customers, NRS generates long-term customer relationships. The company's customers can count on high quality and reliable deliveries, both from the company's own fish farming activities and through sales on behalf of partners.

NRS is the supplier to a number of leading seafood providers in Europe. These players process and refine high-quality fish for sale to restaurants and consumers.

Competence and proximity

Because the company is organised through chain operations, NRS runs efficient and operative units with a clear division of responsibility and superior knowledge of local conditions. This ensures a dedicated production organisation that focuses on quality throughout the process, from sea to table.

NRS believes that operating independent units with shared goals and guidelines provides improved value creation and optimal adaptation in relation to local conditions.

Value created locally and internationally

NRS works continuously to make the company more efficient and profitable in all areas of the organisation. In addition, value is created by providing external partners with access to end customers via the company's efficient sales organisation.

The primary purpose of all the company's initiatives for sustainable and efficient operation is to generate the best possible return for our owners on their investments in Norway Royal Salmon.

SUSTAINABLE FISH FARMING

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 on account of its low content of cholesterol and a high proportion of Omega-3 fatty acids. These factors are considered to be key driving forces for the future demand for farmed salmon.

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 growth conditions of the fish, and protection of the environment and surroundings – along with the well-being and occupational health and safety of the employees. These are all issues that feature high on the agendas of customers, consumers and the company's employees.

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 GlobalGAP standards. GlobalGAP, 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 growth conditions of the fish.
In addition to GlobalGAP 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

Traceability and food safety

Norway Royal Salmon provides customers with access to transparent documentation in the areas of traceability, feed and health registrations. Compliance with food safety requirements is assured by only using legal and natural ingredients, and only working with approved harvesting plants that apply the best hygienic and sanitary conditions. The entire production process is monitored by veterinarians.

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. Norway Royal Salmon's harvesting plants are run according to the guidelines in the FAO/WHO Food Standards, Codex Alimentarius, and are approved in accordance with the Norwegian Food Safety Authority regulations.

Environment and sustainability

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.

In addition, all feed systems are adapted to match the appetite of the fish. This helps prevent overfeeding. At the same time, the sediment levels under the farming facilities are checked at regular intervals. This makes it possible to identify any biological or environmental changes at an early stage.

The fish feed is produced in accordance with Norwegian and international laws to ensure that it abides by sustainability requirements and the applicable environmental regulations.

INTERVIEW

Production growth in Finnmark

Production in Finnmark is set to increase almost two-fold in 2011. "There is no magic to it," explains Per Magne Bølgen, General Manager at NRS Finnmark AS.

"At present, we are only using 35 per cent of our 14 licences, so it is clear that appreciable growth is on the cards," says Per Magne Bølgen. "Up until now, we have not produced more than 4–5,000 tonnes per year. In 2011 we will be releasing fish to utilise the production volume in the licences, and we are planning to harvest 8,000 tonnes of salmon. This represents almost twice last year's volume," he adds.

Growth is set to continue in 2012, when the Finnmark facility will be looking to harvest 12,000 tonnes of salmon.

Four million new fish

"The reason why we can be sure of accomplishing this is that we have released a lot of new fish, and we have acquired more and larger locations. So now we are absolutely ready to boost production. Our plans are realistic, because all the volumes we will be harvesting in 2011 are already in the water," explains Per Magne Bølgen.

A total of 2.8 million fish were released in 2010, and around 4 million fish are scheduled to be released in 2011. These will primarily be harvested in 2012 and 2013. This means that the goal of harvesting 12,000 tonnes of fish in Finnmark in 2012 is within reach.

Per Magne Bølgen

"In both Finnmark and Troms, we have an excellent opportunity to grow and to produce large volumes of fish. We are actively seeking out new locations and areas, and we have the opportunity to increase the biomass at the various locations in Alta Fjord," says Per Magne Bølgen.

Ultra-modern feed pontoons

The NRS manager places great emphasis on thoroughness and quality in all processes, as this is a precondition for ensuring good products.

"Farming salmon is the most efficient form of 'livestock' farming of all. We have invested in an ultra-modern feed pontoon. The staff responsible for the net pens are based indoors and control much of the activity via their computer screens. We have run cables to remotely controlled cameras to study the fish, and we pay particular attention to checking how hungry they are. This gives us great control of the feeding process and helps generate optimal growth as we can make almost optimal use of our resources," explains Per Magne Bølgen.

Feeding monitored

"We maintain close contact with the fish and assess the biomass on an ongoing basis. It is essential to ensure that the fish are thriving. We only give them feed when we are actually present so that we can monitor developments as closely as possible. This is the key to creating top-quality products," he adds.

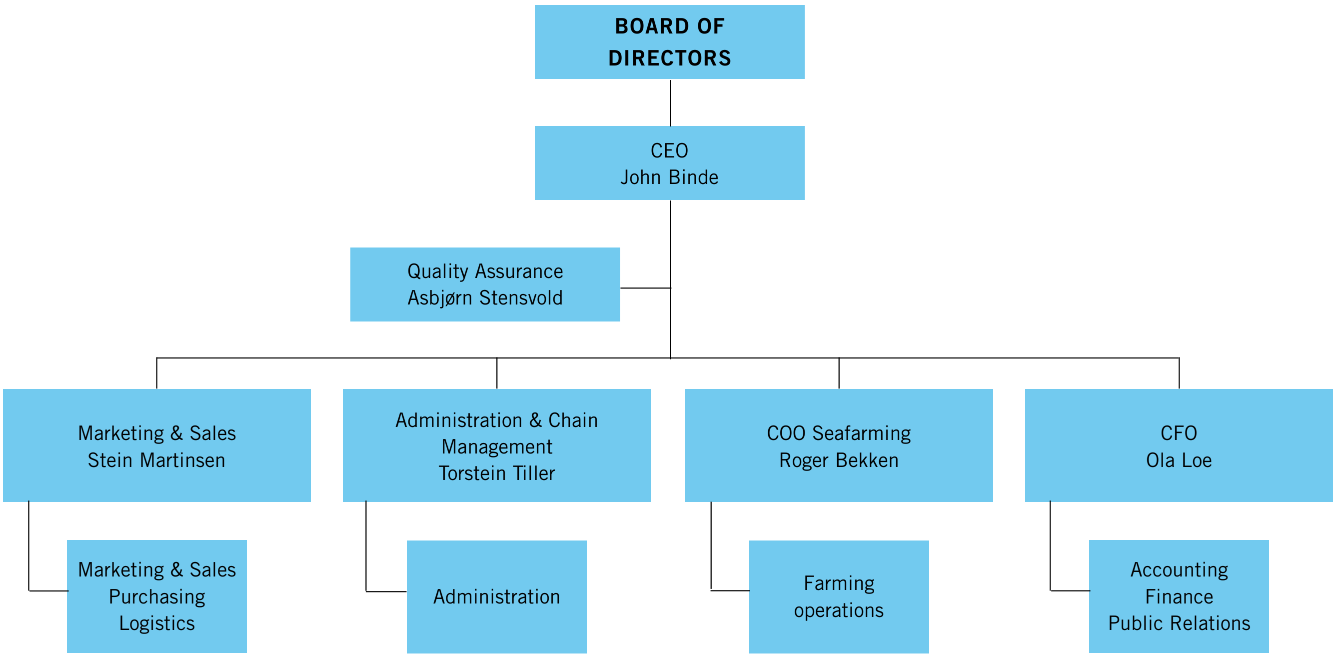
The fjords of West Finnmark provide excellent conditions for the fish. The through flow is excellent, the net pens are free from growths and the fish farming facilities are far apart. This keeps the risk of disease and infection very low.

"There is no problem with motivation, either – everyone here wants to grow with Norway Royal Salmon," concludes Per Magne Bølgen.

ORGANISATION

NRS's internal organisation reflects the Group's company structure, with a dedicated quality and food safety function at staff level, whose remit covers not only NRS's own organisation but also extends to the subsidiaries, associated companies and chain affiliates.

The Marketing & Sales department is located in Kristiansand, while the rest of the organisation is based in Trondheim.



Norway Royal Salmon was listed at Oslo Stock Exchange 29 March 2011.

MANAGEMENT

JOHN BINDE (1959) – Chief Executive Officer

John Binde holds a Master of Science in Mechanical Engineering from the Norwegian University of Science and Technology (NTNU). He has previous experience at CEO and senior executive level in Erling Haug AS, Lade Metall AS, Setsaas AS and Golar-Nor Offshore AS. He joined Norway Royal Salmon in 2004. Mr. Binde is a Norwegian citizen and resides in Trondheim, Norway.

TORSTEIN TILLER (1949) – Director Administration and Chain Management

Torstein Tiller holds a degree in Economics and Business Administration from the Norwegian School of Management (BI). Prior to joining Norway Royal Salmon he worked 20 years at Nobø Fabrikker AS, where he served as CFO the last two years. He joined Norway Royal Salmon in 1992. Mr. Tiller is a Norwegian citizen and 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. Mr. Loe is a Norwegian citizen and resides in Trondheim, Norway.

ROGER BEKKEN (1967) – Chief Operating Officer Farming Operations

Roger Bekken joined the Company in August 2010. Mr. Bekken has 20 years experience from the fish farming industry, and was previously employed in Måsøval Fiskeoppdrett and Salmar. Mr. Bekken is a Norwegian citizen and resides at Frøya, Norway.

STEIN MARTINSEN (1961) – Director Marketing and Sales

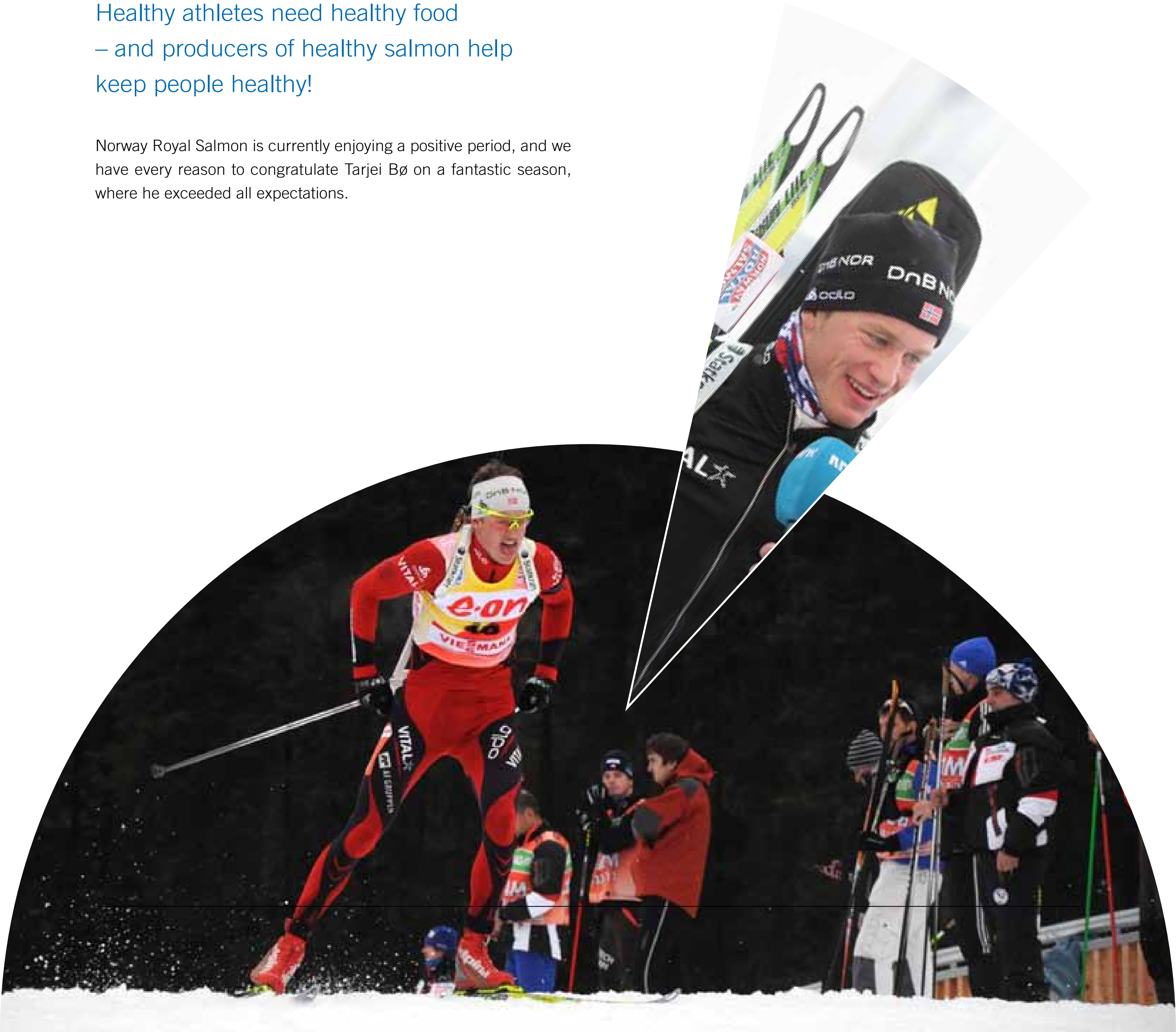
Stein Martinsen joined Norway Royal Salmon in 1996. Previously he was CEO of Reinhartsen Seafood, which he joined in 1980. Mr. Martinsen is a Norwegian citizen and resides in Kristiansand, Norway.

NORWAY ROYAL SALMON IS ALSO AN ACTIVE SPONSOR

Healthy activities for healthy people demand healthy food. As a producer and distributor of healthy food, Norway Royal Salmon sought contact with the sports environment. For a player such as Norway Royal Salmon, it was only natural to accept the offer to work with the leading Norwegian biathlete Tarjei Bø – mainly because Tarjei is an athlete we believe can go all the way. Before we made contact with him, he had already harvested a host of good results as a junior, including podium finishes at a number of national and international championships. We were also interested in Tarjei because he represents a sport that is not just popular in Norway, but also out in the markets to which we export our products. The EU is the largest market for Norwegian salmon. We are big in France, Germany and Russia – all countries where biathlon is a major sport.

Healthy athletes need healthy food – and producers of healthy salmon help keep people healthy!

Norway Royal Salmon is currently enjoying a positive period, and we have every reason to congratulate Tarjei Bø on a fantastic season, where he exceeded all expectations.



THE BOARD OF DIRECTORS

ELBJØRG GUI STANDAL (1948) – Chair

Elbjørg Gui Standal holds a Master of Economics and Business Administration and a Master of Management degree from the Norwegian School of Management (BI), where she is currently working as an Industrial Professor. In addition, she holds a number of directorships and has for many years held courses in board practice. She is co-leader of the Master of Management module "The Value Creating Board", has initiated research into the workings of boards at BI and written several books. Ms. Standal is a Norwegian citizen and resides in Ålesund, Norway.

HELGE GÅSØ (1961) – Vice Chairman

Helge Gåsø has extensive experience of the build-up, operation and development of fish farming businesses. He built up Frøya Fiskeindustri, subsequently Hydro Seafood and Midnor Havbruk. He is currently the owner of Gåsø Næringsutvikling and Frøy Sjøtransport. Mr. Gåsø is a Norwegian citizen and resides in Hamarvik, Frøya in Norway.

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 currently chairman of the board of Glastad Invest AS and owns 39.9 % of the shares in Glastad Holding AS which again owns 100% of the shares in Glastad Invest AS. He is a professional investor in a number of businesses in Norway and abroad. Mr. Glastad is a Norwegian citizen and 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. Mr. Kristoffersen is a Norwegian citizen and resides in Vesterålen, Norway.

KRISTINE LANDMARK (1954) – Board member

Kristine Landmark holds a Master degree in Economics and Business Administration (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH). 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. Prior to joining the Stokke Group she was Regional Director of Sunnmørsbanken. Ms. Landmark holds a number of directorships. Ms. Landmark is a Norwegian citizen and resides in Ålesund Norway.

ÅSE MARIE VALEN OLSEN (1969) – Board member

Ms. Åse Marie Valen Olsen is currently CEO of Sørollnesfisk AS, a Norwegian fish farming company. Ms. Olsen has also several directorships in other Norwegian companies. Ms. Olsen is a Norwegian citizen and resides in Hamnvik, Troms, Norway.

Our main product is fresh and frozen salmon, which was exported to 49 countries in 2010.

CORPORATE GOVERNANCE

Norway Royal Salmon ASA (NRS) is listed on the Oslo Stock Exchange. The first trading date for the company's shares was 29 March 2011. 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. Since its IPO, NRS has complied with the Norwegian Code of Practice for Corporate Governance of 21 October 2010. The company currently deviates from the Code in certain areas as a result of resolutions and routines adopted prior to the IPO. The board intends to address these areas in 2011. The report below deals with NRS's arrangements in relation to the Code, where any deviations are commented on in the following individual points.

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.

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 providing 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 offer affiliated producers market access through a dedicated sales organisation
- NRS shall offer affiliated producers economies of scale with respect to procurement, quality assurance and other important services
- NRS wishes to be a shareholder in companies associated with the aquaculture industry, preferably where local owners have operating responsibility
- NRS shall provide a commercial return on investment for its shareholders
- NRS shall enhance its position within several areas of the value chain

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 2010 the Group's total equity amounted to NOK 579,796,000, which represented 39.6 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 shall remain stable over time, and should amount to 30 to 40 per cent of consolidated net profit, provided that the company's own capital requirements have been satisfied. Ultimately, the aim is for share price increases rather than dividends to contribute more to value creation.

The Annual General Meeting sets the annual dividend based on a proposal from the board, which represents the maximum possible dividend.

A dividend of NOK 0.15 per share, NOK 5,430,000 in total, was paid for 2009. The board proposes a total dividend of NOK 35,000,000 for the 2010 financial year.

Capital increase

At the Extraordinary General Meeting of 20 October 2010, the board was authorised to issue up to 18,144,200 shares with a nominal value of NOK 1 per share. This mandate allows the board to vary the preference rights on share subscription. The board mandate was issued in connection with the implemented IPO, and also covers consideration of the acquisition of other companies and the raising of capital to reinforce 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 2011.

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 6 May 2010, the board was authorised to purchase up to 3,628,840 treasury shares with a nominal value of NOK 1, 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 30 per share. The board may choose the exact method of acquisition or sale. The mandate runs for 18 months from the date of resolution.

Deviation from the code: The board's authority is issued for a period of 18 months. In accordance with the Code, board mandates for the purchase of treasury shares should not be issued for a period extending beyond the next Annual General Meeting. This will be incorporated in the next mandate grant to the board of directors.

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

In 2010, the company sold a total of 243,829 treasury shares to members of Group's management. The shares were sold at the market rate on the date of transaction. Services were also purchased from a company owned by the Vice Chair in 2010. These services were purchased on market terms and conditions. Both matters are discussed in Note 28 to the consolidated financial statements.

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.

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 from 29 March 2011 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 2011 is scheduled for Wednesday 25 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, email or fax. 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 displayed on the Group's website.

Deviation from the Code: To date, it has not been the company's practice for the entire board and Nomination Committee to participate in the general meeting. The company also deviates from the Code with regard to independent chairing of the meeting.

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 as a whole. The Nomination Committee comprises three members: James Stove Lorentzen (Committee Chair), Lars Magne Eidesvik and Martin Sivertsen. 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 two years. The board proposes representatives to the Nomination Committee, which is 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. 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. A new representative was elected at the most recent election at an Extraordinary General Meeting, after which the board comprised seven representatives, all elected by the shareholders. Three of the board members are women. The board currently comprises Elbjørg Gui Standal (Chair), Helge Gåsø (Vice Chair) and board members Endre Glastad, Inge Kristoffersen, Kristine Landmark and Åse Valen Olsen. During 2011, one of the board members, Yngve Myhre, resigned from the board to pursue other interests. Board representatives are normally elected for a term of office of two years. To secure continuity of board work, half of the board representatives stand for re-election 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. All six board members are independent of the company's management, and five board members are independent of the company's material business connections. More than two board members are also 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 remit

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 6 October 2010. 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. In 2010, 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 Elbjørg Gui Standal, Endre Glastad 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 normally attends the committee's meetings. The Audit Committee commenced its work during the fourth quarter of 2010.

A Compensation Committee has also been established to review matters relating to senior executives' remuneration. The Compensation Committee comprises Board Chair Elbjørg Gui Standal and Vice Chair Helge Gåsø.

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 ten board meetings were held in 2010.

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. Reporting is performed monthly and covers both financial and non-financial parameters. Focus is placed on profitability and risk within each business area. Performance monitoring is accorded high priority, and measures are implemented in areas where results fall short of required levels. 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.

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 Vice Chair has performed services for the Group through his companies Gåsø Næringsutvikling AS and Frøy Sjøtransport AS. The board is aware of these services, which are priced on market terms and conditions. This relationship is discussed in Notes 5 and 28 to the consolidated financial statements.

Other information on fees and remuneration paid to the board is disclosed in Note 5 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 CEO's remuneration is set by the board. The remuneration package comprises a fixed salary and a variable bonus, which is dependent on the achievement of predetermined targets. See also the board's statement on the establishment of salaries and other remuneration paid to senior executives in Note 5 to the consolidated financial statements.

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, is 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

Except in extraordinary circumstances, 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.

BOARD OF DIRECTORS REPORT FOR 2010

Group operations and locations

Norway Royal Salmon's business is divided into two segments: Sales and Fish Farming. 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 from associates and partners directly to the market.

Sales operations are conducted both from the company's head office and from its department in Kristiansand. The Group's fish farming operations are divided into two regions. The Northern Region comprises fish farms located in Alta and Senja. The Southern Region comprises fish farms located in Hordaland and Rogaland. The Northern Region has a total of 19 licences for the production of farmed salmon, while the Southern Region has six such licences. In addition, the Group has shares in seven associates. Of these, four are fish farming enterprises with a combined total of nine licences, two are harvesting/processing companies, and one is a hatchery.

Highlights in 2010

2010 was an eventful and successful year for Norway Royal Salmon, which achieved record profits. At the same time, the Group laid the foundation for further growth and good results in 2011. The highlights for 2010 included:

- The Group generated record operating revenues of NOK 2,002.0 million, and record high earnings, with operating profits totalling NOK 149.1 million.

- The Group acquired a majority of shares in Nord Senja Laks AS (66.67 per cent). The acquisition brought the Group's total number of fish farming licences to 25.

- Buyout of non-controlling interests in AS Tri (23.76 per cent). Following the buyout, the company has become a wholly owned subsidiary of NRS.

- Acquisition of 27.65 per cent of the shares in the Ranfjord Fiske-produkter AS hatchery.

- A new NOK 500 million Group borrowing facility was set up during the year.

- The Ministry of Fisheries decided to increase the maximum allow-able biomass (MAB) for all fish farming licences in Finnmark and Troms by five per cent. For the Group's Northern Region, this corresponds to an increase in MAB of 855 tonnes.

Furthermore, preparations for the Group's stock market flotation were set in train in 2010. The company was converted from a private limited company (AS) to a public limited company (ASA) at an extraordinary general meeting of shareholders on 20 October 2010. A successful flotation was achieved in 2011, along with an IPO of NOK 46.1 million. The first day of trading was 29 March 2011. The issue price at flotation was NOK 21.00.

Financial performance

The income statement

Norway Royal Salmon generated consolidated operating revenues of NOK 2,002.0 million in 2010, compared with NOK 1,602.5 million in 2009. This represents an increase of 24.9 per cent. The growth in revenues can be attributed to both increased sales volumes and a significant rise in prices compared with the year before. The Group made a consolidated operating profit of NOK 149.1 million (2009: NOK 82.9 million). Operating profit before fair value adjustment of the biomass totalled NOK 122.8 million (2009: NOK 39.4 million). In 2010, a total of NOK 14.5 million in non-recurring items associ-ated with events in the Northern Region were charged to expenses. Adjusted for these expenses, the Group's operating profit totalled NOK 163.6 million in 2010. The Group's consolidated net profit for the year totalled NOK 132.1 million (2009: NOK 76.5 million).

The Group recognised NOK 19.8 million in profit shares from asso-ciates in 2010 (2009: NOK 6.1 million). The Group's associates harvested a combined total of 5,326 tonnes in 2010, compared with 7,226 tonnes in 2009. Included in the figures for 2009 are a share of the profit and the harvested volume from Nord Senja Laks AS. With effect from 1 July 2010, Nord Senja Laks AS became a Group subsid-iary. Furthermore, NOK 18.1 million was taken as income following the revaluation to fair value of the Group's shareholding in Nord Senja Laks AS when it became a Group company. In 2010, the Group had net interest expenses of NOK 18.8 million (2009: NOK 14.0 million).

The parent company made a net profit for the year of NOK 92.6 million in 2010 (2009: NOK 22.5 million). Operating profit totalled NOK 12.9 million, compared with NOK 16.2 million in 2009. The volume sold by the parent company rose from 47,200 tonnes in 2009 to 49,584 tonnes in 2010. The decrease in operating profits can be attributed largely to increased administrative costs associated with the build-up of the organisation. The increase in the company's net profit for the year can be attributed to a rise in its share of the profits from investments in subsidiaries and associates from NOK 13.9 million in 2009 to NOK 86.8 million in 2010.

Fish Farming:

The fish farming business generated gross operating revenues of NOK 376.8 million in 2010 (2009: NOK 194.4 million). This corresponds to an increase of 93.8 per cent. The increase is due to both higher prices and a larger volume of fish harvested. The fish farming business harvested a total of 10,677 tonnes in 2010, compared with 6,828 tonnes in 2009. The rise in harvested volume is the result of increased utilisation of existing licences. The fish farming business made an EBIT before fair value adjustment of the biomass and non-recurring items of NOK 11.65 per kg (2009: NOK 3.39). Operating profit before fair value adjustment of the biomass totalled NOK 109.9 million (2009: NOK 23.2 million). The fish farming business increased the volume of its marine-phase biomass from 10,639 tonnes at the start of the year to 12,768 tonnes at the close.

The Northern Region generated gross operating revenues of NOK 209.5 million in 2010 (2009: NOK 124.8 million). The segment harvested a total of 6,000 tonnes in 2010, compared with 4,495 tonnes the year before, an increase of 33.5 per cent. The Group has 19 fish farming licences in the Northern Region, of which five are in Senja and 14 in western Finnmark. The segment made an operating profit before fair value adjustment of the biomass of NOK 58.9 million (2009: NOK 12.1 million). Operating profit in 2010 was reduced by NOK 14.5 million as a result of expenses recognised in connection with two non-recurring events. These were as follows: In 2010, it was decided to close the harvesting plant attached to the fish farming operations in Finnmark. A write-down of operating assets and other costs associated with the closure of the harvesting plant totalling NOK 9.5 million was charged to expenses. Furthermore, the upgrading of facilities in 2010 led to the scrapping of existing equipment. A total of NOK 5.0 million in write-downs and clean-up costs associated with this was charged to expenses during the period. EBIT before fair value adjustment of the biomass and adjustments for non-recurring items came to NOK 12.23 per kg harvested in 2010 (2009: NOK 2.68).

In 2010, the Southern Region generated gross operating revenues of NOK 167.3 million (2009: NOK 69.7 million). The segment doubled its output volume in 2010, harvesting a total of 4,677 tonnes during the year, compared with 2,333 tonnes the year before. The Group operates six licences in the Southern Region. The segment made an operating profit before fair value adjustment of the biomass of NOK 51.0 million (2009: NOK 11.1 million). EBIT before fair value adjustment of the biomass came to NOK 10.91 per kg harvested in 2010 (2009: NOK 4.75). The harvesting of the entire biomass at one facility as a result of an outbreak of the fish disease PD, and a large proportion of contract sales at considerably below spot price, had a negative effect on the Southern Region's margins.

Sales:

Sales increased its gross operating revenues from NOK 1,587.0 million in 2009 to NOK 1,990.8 million in 2010. This represents a rise of 25.4 per cent. The increase can be attributed to both volume growth and higher prices. The segment sold 49,584 tonnes during the year, compared with 47,200 tonnes the year before, a rise of 5.0 per cent. Sales made an operating profit of NOK 27.4 million in 2010 (2009: NOK 20.6 million), and a profit before tax of NOK 27.2 million (2009: NOK 26.7 million).

Balance sheet

At the close of 2010, the Group had total assets of NOK 1,464.8, million (2009: NOK 1,083.0, million). The bulk of the increase can be attributed to a rise in the value of licence assets, property, plant and equipment, and the biomass. The value of licence assets rose from NOK 397.5 million to NOK 498.3 million as a result of the acquisition of Nord Senja Laks AS. Furthermore, the Group considerably upgraded some of its facilities during the year, and invested in feeding pontoons and fish farming boats. A total of NOK 65.8 million was invested in new operating assets during the year. The value of the biomass rose during the year from NOK 256.1 million to NOK 385.9 million. The increase in the value of the biomass is due to a real build-up of the biomass at cost and a higher fair value as a result of higher prices. At the close of the year, the Group's biomass totalled 12,768 tonnes, compared with 10,369 tonnes at the start of the year.

The Group's net interest-bearing debt as at 31 December 2010 totalled NOK 426.0 million, compared with NOK 368.5 million at the close of the previous year. During the year, the Group signed a new Group financing agreement in the amount of NOK 500 million. The increase in interest-bearing debt can largely be attributed to the acquisition of Nord Senja Laks AS, as well as the Group's investments in operating assets and the build-up of the biomass. The Group's positive cash flow from operating activities has been used to make ongoing repayments on its overdraft.

At the close of 2010, the Group had an equity ratio of 39.6 per cent, compared with 37.0 per cent at the close of 2009. The increase is largely due to the good results achieved in the period.

The parent company's total assets stood at NOK 862.8 million at the close of the year (2009: NOK 605.3 million). The bulk of the increase can be attributed to the investments in Nord Senja Laks AS and Ranfjord Fiskeprodukter AS in 2010, as well as an increase in the value of investments in subsidiaries and associates as a result of positive profit shares from these companies. There has also been a significant rise in trade receivables as a result of higher prices just before the end of 2010. As at 31 December 2010, the parent company's equity ratio was 38.6 per cent (2009: 42.8 per cent).

Cash flow

The Group's cash flow from operating activities in the year was positive in the amount of NOK 63.1 million (2009: NOK -41.2 million). Despite a considerable build-up of the biomass in 2010, which had a negative impact on cash flow of NOK 89.5 million measured at cost, the good margins achieved during the year resulted in a positive cash flow from the Group's operating activities.

Net outgoings relating to investing activities in 2010 totalled NOK -83.6 million (2009: NOK -29.8 million). These are, for the most part, attributable to investments in operating assets totalling NOK 65.8 million, and cash payments in connection with investments in associates and subsidiaries totalling NOK 26.9 million.

The Group had cash and cash equivalents at the close of the year of NOK 4.7 million (2009: NOK 1.8 million). During the year, a new NOK 500 million Group financing agreement was entered, NOK 225 million of which were long-term borrowings. As at 31 December 2010, the Group had cash reserves totalling NOK 177.6 million, comprising cash and cash equivalents and unused credit facilities.

In 2010, the parent company generated a positive cash flow from operating activities of NOK 53.1 million (2009: NOK -3.6 million). A total of NOK 31.1 million was invested in subsidiaries and associates during the period. However, positive cash flows from repaid loans to and dividends from associates resulted in a net positive cash flow from investing activities during the period in the amount of NOK 3.1 million (2009: NOK -34.0 million). The new Group financing agreement resulted in net bank deposits totalling NOK 104.6 million for the parent company at the close of the year.

Research and development

The Group has undertaken no activities during the year which may be defined as research and development.

Operational risk and risk management

Fish Farming

Risk will normally attach to the Group's business activities. The largest risk for NRS will be associated with the production of biological assets for human consumption.

The biological challenges will be associated with smolt quality, disease, parasites, algae blooms, low oxygen levels and fluctuations in sea temperatures. Although NRS develops and implements sound routines for its own operations, the industry is such that it has become important to coordinate much of this effort with other players in the various geographical locations in which we operate. The fish farming segment's management team is working constantly to follow up smolt and smolt suppliers to enhance smolt quality. We also feel it is important to make active use of our fish health services to improve routines for the promotion of fish health and for disease prevention measures. All employees in the fish farming segment attended a fish welfare course during 2010.

An assessment of all sites has also been carried out to ensure that sites that are optimal for the production of salmon are used.

Sites located in relatively open water have recently been put into operation, since it is in these areas that the best conditions for fish farming are to be found. This is extremely 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 2010 NRS invested heavily to procure new equipment of an extremely high standard, which is capable of meeting our own and the public authorities' requirements with respect to fish escapes.

Risk management is a key aspect of the management team's duties. The Group has introduced 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.

Sales

In our opinion, the Sales segment faces a lower level of operational risk than Fish Farming. Although we believe sales will grow in the coming years, we could – of course – face a number of challenges. Specifically, developments in the world economy could also have an impact on this part of our business. If the economies of our most important trading partners should suffer a sharp downturn, it could have a negative impact. This would normally lead to a reduction in sales and a fall in prices generally. It could also result in some of our customers becoming insolvent. On the other hand, the sales business by itself is not as vulnerable with respect to a fall in prices, and some of this risk is significantly reduced through credit insurance as a means to limit exposure.

Trade barriers implemented in markets such as Russia, the USA and, most recently, China also represent a certain risk. However, as a company, our sales are sufficiently spread that this risk is limited to some degree. If this kind of issue should increase, the level of risk will increase as well. However, this does not seem very likely at the moment. Efforts are being made in various areas to improve the situation here, so we feel it can be kept under control.

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 need 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. The Group employs both forward contracts and borrows in foreign currencies to approximately eliminate its exposure to foreign exchange risk.

Interest rate risk

The Group's debt is wholly held at floating interest rates, which means that the Group is exposed to movements in interest rates.

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 insure almost all its trade receivables.

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 be unable to meet its day-to-day financial obligations. The largest single factor affecting liquidity risk is represented by fluctuations in the price of salmon. During the year, the Group strengthened its financial position, partly through a new Group financing agreement and record profits in 2010. Furthermore, in 2011, a share issue raised a total of NOK 46.1 million. There are covenants associated with the Group's borrowings which, at the close of 2010, NRS had met by a good margin. Overall, the company's liquidity risk is considered to be at an acceptable level.

Employees

Working environment

The Group is working hard to make sure it is able to recruit qualified personnel at all levels in the organisation. Particular emphasis is given to providing all employees with a good working environment, meaningful job content and competitive employment terms.

As at 31 December 2010, the Group had 77 full-time employees, 32 of whom are employed by the parent company Norway Royal Salmon ASA. The Group had a sickness absence rate of 3.36 per cent in 2010 (2009: 2.18 per cent). The corresponding figure for the parent company was 1.5 per cent in 2010 (2009: 0.3 per cent). One minor personal injury occurred during the year.

Equality and discrimination

The aquaculture industry has traditionally been a male-dominated workplace. As at 31 December 2010, women made up 10.0 per cent of the Group's workforce. The corresponding figure for Norway Royal Salmon ASA was 43.8 per cent. Group management is entirely made up of men. Three of the six members of the Group's board of directors are women, including the Chair. 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.

External environment

The fish farming activities in the Group do not affect the environment more than is normal for this type of business. The three most important factors affecting the external environment are:

1. The escape of fish
2. Salmon lice
3. Emissions

The escape of fish is unfortunate with respect to wild salmon populations. Regrettably, fish escaped from two of our facilities in 2010. We have subsequently worked hard with respect to staff training, and have reviewed and improved our routines. Significant investments have also been made in new equipment to better equip ourselves to achieve the industry's zero vision.

Salmon lice have a negative impact on the salmon and weaken the fishes' immune systems. In addition, high levels of salmon lice at fish farming facilities can have a negative impact on wild salmon. As well as compliance with counting and treatment strategies initiated by the authorities, the Group has also developed its own plan for combating salmon lice in all regions. Due to their location, large parts of NRS' fish farming business will be only marginally affected by lice. Our companies in the Northern Region have an extremely low level of lice infestation through the year. Although our operations in the Southern Region are affected slightly more, the key strategy here is the extensive use of locally caught wrasse. In 2010, the Group invested in equipment to comply with the new lice regulations requiring treatment in closed cages. The regulations came into force on 1 January 2011.

Emissions from farmed fish into the sea take the form of excrement and feed residues. These are biodegradable organic materials. It is important that the emissions do not become too large, since this would constitute an added burden both to the environment and to the fish at the site. NRS has good 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".

Going concern

Norway Royal Salmon'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.

Shares and shareholders

As at 31 December 2010, Norway Royal Salmon ASA had 37,229,198 shares divided between 173 shareholders. At the close of the year, the Group held 9,224 treasury shares.

The Group carried out a successful stock market flotation in March 2011. The first day of trading on the Oslo Stock Exchange was 29 March 2011. In connection with the flotation, an IPO was carried out and, as at 29 March 2011, the company had 39,611,083 shares divided between over 1,700 shareholders. At the time of the flotation, the Group had a market capitalisation of NOK 832 million, and the new shares were issued at a price of NOK 21.00 each.

Corporate Governance

Norway Royal Salmon performed a thorough review of the Group's corporate governance policies in 2010, and necessary changes were implemented to bring those policies in line with the Norwegian Code of Practice for Corporate Governance, as it applies to listed companies. A presentation of these policies and how the Group stands in this respect is included in a separate section of the annual report.

Social Responsibility

NRS 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.

Because salmon farming depends on good communications 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. Since 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 the fact that our businesses are part of the local communities in which we operate, NRS wishes to support local sports clubs and other voluntary organisations.

Market conditions and future outlook

2010 was a good year for Norway's aquaculture industry. We experienced one of our best years ever. Prices for both salmon and trout ended the year at record high levels. More specifically, salmon producers were paid NOK 36.41, which is some NOK 7.00 higher than the year before. The corresponding price for trout was NOK 1-2 higher, a rise of almost NOK 7.50 compared with the year before. With increased in-house production, the high price of salmon had a very positive impact on the Group's performance in 2010. Our sales volume rose to 49,584 tonnes in 2010, up five per cent. In-house production accounted for 10,677 tonnes.

The total volume of fish harvested in Norway in 2010 came to 944,000 tonnes. This was some ten per cent higher than the year before. Our main market, the EU, accounted for 615,000 tonnes, or around 65 per cent of total production. The EU's relative share fell slightly, primarily due to a continued sharp increase in exports to Russia, which took 93,500 tonnes. With output from Chile still depressed, the positive trend for Norwegian salmon in the USA and some other markets continued. The individual markets taking the most salmon in 2010 were France, Poland and Russia in that order. This is unchanged from the year before. Norwegian output of trout fell by around 30 per cent, ending the year at 56,000 tonnes. Russia is by far the most important market for trout, accounting for 50 per cent of the export market. For salmon and trout combined, Russia is the second most important single market for the Norwegian aquaculture industry.

In 2010, Norway Royal Salmon ASA exported to 49 individual markets. Approximately 67 per cent went to Western Europe, while the remainder was divided between approximately 23 per cent to Eastern Europe and Russia, approximately nine per cent to Asia and the Middle East, and a small percentage going to North America. We do very little business in the latter market since we have still not established our own fillet-production capability.

The outlook for 2011 is for an estimated three per cent increase in the output of Norwegian salmon. That will bring the estimated volume of fish harvested to 976,000 tonnes. Chile's output is on its way back up again, and they are estimating a volume increase of some 43 per cent compared with last year. That would give a total volume of 185,000 tonnes. Apart from North America, a slight increase in the other producing countries is expected worldwide. This is expected to result in an overall annual output of around 1,550,000 tonnes, an increase of approximately seven per cent. Based on the developments we have seen in the past couple of years, we believe an increase of this size could be absorbed by the market without any trouble. A relative increase in the harvesting rate is expected in the second half of 2011, which will result in slightly lower prices. Nevertheless, we believe that the year as a whole will be extremely good for Norwegian aquaculture. Developments are expected to remain relatively stable in all trout-producing countries. As a result, we are expecting prices to remain high in this market as well. In any event, trout prices will have a certain correlation to salmon prices, and will therefore probably be slightly lower come the autumn.

The EU will continue to be our "domestic market", and we think they will take their relative share of Norwegian salmon output in 2011 as well. We also think that we will see continued growth in the majority of other markets. If we are to achieve continued progress in China, we will probably be dependent on the Chinese authorities easing the newly introduced control regime. We believe that exports from Norway to the USA will decline slightly, while those from Chile will continue to rise. Through an overall increase in output, including a larger proportion of salmon produced in-house, Norway Royal Salmon ASA aims to expand by more than the expected percentage increase in Norway. We are extremely confident that this can be achieved through our established network of customers and distributors, as well as through the acquisition of new customers. We believe this trend will continue into 2012.

Allocation of profit for the year

Norway Royal Salmon achieved record results in 2010, due to strong market prices, efficient operations and improved utilisation of the Group's production licences. The increase in the Group's biomass towards the end of 2010, combined with expectations of continued high prices in 2011, makes the board extremely confident that the business will continue to grow in 2011.

The parent company, Norway Royal Salmon ASA, made a net profit for the year of NOK 92.613 million in 2010. The Board of Directors proposes the following allocation of the net profit for the year:

To dividend:	NOK 35.000 million
To the reserve for valuation variances:	NOK 83.753 million
Transferred from other equity:	NOK -26.139 million
Total allocation of funds:	NOK 92.613 million

The distributable reserve after dividend provisions totals NOK 175.7 million.

Trondheim, 7 April 2011

Elbjørg Gui Standal
Chair

Helge Gåsø
Vice Chair

Endre Glastad

Inge Kristoffersen

Kristine Landmark

Åse Marie Valen Olsen

John Binde
Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(NOK 1 000)	Note	2010	2009
Operating revenues	4	**2 002 085**	**1 602 502**
Cost of goods sold	28	1 748 681	1 478 884
Payroll costs	5,8	47 443	33 980
Depreciation	12	18 555	12 475
Write-downs	12	12 851	0
Other operating expenses	6, 7, 18, 26, 28	51 765	37 810
Total operating expenses		**1 879 295**	**1 563 149**
Operating profit before fair value adjustment		**122 790**	**39 353**
Fair value adjustment	16, 27	26 339	43 573
Net operating profit		**149 129**	**82 926**
Financial items			
Share of profit from investments in associates	9, 13	19 772	6 145
Gain on revaluation of associate shareholding to fair value	3, 9	18 121	0
Other interest income	9	704	2 047
Other financial income	9	3 295	10 097
Other interest expenses	9	-19 466	-16 127
Other financial expenses	9	-2 630	-4 362
Net financial items		**19 796**	**-2 200**
Profit before tax		**168 925**	**80 726**
Tax	10	-36 798	-4 189
Net profit for the year		**132 127**	**76 537**
Profit attributable to:			
Owners of the parent company		123 528	71 137
Non-controlling interests		8 599	5 400
Net profit for the year		**132 127**	**76 537**
Basic earnings per share (NOK)	21	**3.32**	**1.97**
Diluted earnings per share (NOK)	21	**3.32**	**1.97**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK 1 000)	Note	2010	2009
Net profit for the year		**132 127**	**76 537**
Other comprehensive income:			
Available-for-sale financial assets (net after tax)	10, 15	23 132	0
Comprehensive income for the year		**155 259**	**76 537**
Comprehensive income attributable to:			
Owners of the parent company		146 660	71 137
Non-controlling interests		8 599	5 400
Comprehensive income for the year		**155 259**	**76 537**

CONSOLIDATED BALANCE SHEET

ASSETS (NOK 1 000)	Note	**31.12.2010**	**31.12.2009**
Assets			
Non-current assets			
Intangible assets			
Licences	11,23	498 287	397 543
Total intangible assets		**498 287**	**397 543**
Property, plant and equipment			
Land, buildings and other fixed property	12, 23	3 392	6 850
Machinery and equipment	12, 23	56 154	33 251
Boats and floating assets	12, 23	48 708	15 075
Inventories, office equipment, etc.	12, 23	5 683	3 892
Total property, plant and equipment		**113 937**	**59 068**
Non-current financial assets			
Investments in associates	13, 23	114 136	105 013
Investments in shares and shareholdings	14, 15, 23	34 053	9 121
Other long-term receivables	5, 14, 18, 23, 28	3 760	10 782
Total non-current financial assets		**151 949**	**124 916**
Total non-current assets		**764 173**	**581 527**
Current assets			
Inventory	16, 23	15 219	9 614
Biological assets	17, 23	385 975	256 142
Total inventory		**401 194**	**265 756**
Receivables			
Trade receivables	14, 18, 23	253 912	213 397
Other short-term receivables	14, 18, 23, 25	40 811	20 539
Total short-term receivables		**294 723**	**233 936**
Cash and cash equivalents	14, 19, 22	4 748	1 810
Total current assets		**700 665**	**501 502**
Total assets		**1 464 838**	**1 083 029**

EQUITY AND LIABILITIES (NOK 1 000)	Note	31.12.2010	31.12.2009
Equity			
Share capital	20	37 229	36 288
Treasury shares		-9	-264
Share premium fund		15 525	151 339
Retained earnings		485 189	178 225
Total equity attributable to owners of the parent company		**537 934**	**365 588**
Non-controlling interests		41 862	34 732
Total equity		**579 796**	**400 320**
Non-current liabilities and obligations			
Pension liabilities	8	7 719	8 130
Deferred tax liabilities	10	173 610	107 352
Non-current interest-bearing liabilities	14, 22, 23	282 481	190 730
Total long-term liabilities and obligations		**463 810**	**306 212**
Current liabilities and obligations			
Current interest-bearing liabilities	14, 22, 23	148 259	179 582
Trade payables	14, 28	254 338	180 726
Tax payable	10	1 136	0
Other current liabilities	14, 24	17 499	16 189
Total current liabilities and obligations		**421 232**	**376 497**
Total liabilities		**885 042**	**682 709**
Total equity and liabilities		**1 464 838**	**1 083 029**

Trondheim, 7 April 2011

Elbjørg Gui Standal
Chair

Helge Gåsø
Vice Chair

Endre Glastad

Inge Kristoffersen

Kristine Landmark

Åse Marie Valen Olsen

John Binde
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent company						
(NOK 1 000)	Share capital	Treasury shares	Share premium fund	Retained earnings	Total	Non-controlling interests	Total equity
Equity as of 1 January 2010	36 288	-264	151 339	178 225	365 588	34 732	400 320
Net profit for the year	0	0	0	123 528	123 528	8 599	132 127
Other comprehensive income	0	0	0	23 132	23 132	0	23 132
Total comprehensive income for the year	**0**	**0**	**0**	**146 660**	**146 660**	**8 599**	**155 259**
Transactions with shareholders							
Dividend paid	0	0	0	-5 430	-5 430	0	-5 430
Share issue	125	0	1 656	0	1 781	0	1 781
Net share issue transaction costs	0	0	-114	0	-114	0	-114
Reduction in share premium fund	0	0	-150 000	150 000	0	0	0
Non-controlling interest on group establishment	0	0	0	0	0	28 001	28 001
Purchase of non-controlling interests	816	0	12 645	12 680	26 141	-29 141	-3 000
Purchase of treasury shares	0	-79	0	-666	-745	-380	-1 125
Sale of treasury shares	0	334	0	3 719	4 053	51	4 104
Total transactions with shareholders	**941**	**255**	**-135 813**	**160 303**	**25 686**	**-1 469**	**24 217**
Equity as of 31 December 2010	**37 229**	**-9**	**15 525**	**485 189**	**537 934**	**41 862**	**579 796**

	Equity allocated to owners of the parent company						
(NOK 1 000)	Share capital	Treasury shares	Share premium fund	Retained earnings	Total	Non-controlling interests	Total equity
Equity as of 1 January 2009	36 288	-231	151 339	110 888	298 284	29 515	327 799
Net profit for the year	0	0	0	71 137	71 137	5 400	76 537
Other comprehensive income	0	0	0	0	0	0	0
Total comprehensive income for the year	**0**	**0**	**0**	**71 137**	**71 137**	**5 400**	**76 537**
Transactions with shareholders							
Dividend paid	0	0	0	-3 620	-3 620	-175	-3 795
Changes in treasury shares	0	-33	0	-161	-194	0	-194
Other equity transactions	0	0	0	-19	-19	-8	-27
Total transactions with shareholders	**0**	**-33**	**0**	**-3 800**	**-3 833**	**-183**	**-4 016**
Equity as of 31 December 2009	**36 288**	**-264**	**151 339**	**178 225**	**365 588**	**34 732**	**400 320**

Issues in 2010

The board resolved on 15 June 2010 to increase the share capital by 125,001 new shares with a nominal value of NOK 1.00 each at a price of NOK 14.25 per share, or NOK 1,781,000 in all. This issue was part of the acquisition of Nord Senja Laks AS, in which part of the purchase price was paid by compensating shares in Norway Royal Salmon ASA.

The general meeting resolved on 20 October 2010 to increase the share capital by 815,789 new shares at a nominal value of NOK 1.00 at a price of NOK 16.50 per share or NOK 13,461,000 in total. This issue was part of the buyout of the minority shareholders in AS Tri, who were paid in part with shares in Norway Royal Salmon ASA.

For further details of the transaction see Note 3.

CONSOLIDATED STATEMENT OF CASH FLOW

(NOK 1 000)	Note	2010	2009
Profit before tax		**168 925**	**80 726**
Adjusted for:			
Tax paid	10	0	0
Share of profit from investments in associates	13	-19 772	-6 145
Gain on revaluation of associate shareholding to fair value		-18 121	0
Fair-value adjustment of the biomass and contracts	27	-26 339	-43 573
Depreciation/amortisation	12	18 555	12 475
Write-down on non-current assets	12	12 851	0
Gains (-) / losses (+) on disposal of non-current assets		369	-45
Pension costs with no cash effect		-411	-86
Change in inventories/biomass		-89 455	-75 154
Change in debtors and creditors		35 788	14 328
Change in other current assets and other liabilities		-19 319	-23 735
Net cash flow from operating activities		**63 071**	**-41 209**
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		940	455
Payments for purchase of property, plant and equipment	12	-65 751	-13 068
Payments on purchase of salmon farming licences	11	0	-12 000
Payments in connection with other transactions		-765	0
Proceeds from investments in non-current financial assets	13	3 863	2 482
Payments for investments in non-current financial assets	3	-17 077	0
Payments for acquisition of subsidiaries (less cash taken over)	3	-9 833	0
Change in loans to associates and others		5 024	-7 663
Net cash flow from investing activities		**-83 599**	**-29 794**
Cash flow from financing activities			
Receipts from new long-term debt		280 040	18 947
Long-term debt repayment		-212 196	-17 976
Short-term debt repayment		-3 526	0
Net change in overdraft		-39 367	53 299
Share issue transaction costs		-159	0
Sale of treasury shares		4 104	-194
Dividend payment		-5 430	-3 795
Net cash flow from financing activities		**23 466**	**50 281**
Net increase (+)/ reduction (-) in cash and cash equivalents		2 938	-20 722
Cash and cash equivalents as of 1 January		1 810	22 532
Cash and cash equivalents as of 31 December		**4 748**	**1 810**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES

1.1 General information

Norway Royal Salmon AS is based in Norway, and headquartered in Trondheim. The company's shares are listed on the Oslo Stock Exchange, code NRS.

The consolidated financial statements for 2010 include the parent company and 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 adopted by the board on 7 April 2011.

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.

Confirmation of financial reporting framework

The consolidated financial statements of Norway Royal Salmon ASA have been prepared in accordance with EU-approved international financial reporting standards (IFRSs) as laid down by the EU and associated interpretations which are mandatory for annual financial statements presented as of 31 December 2010.

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

Basis for valuation

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

- Available-for-sale financial assets (Note 15)
- Biological assets (Note 17)
- Derivatives (Note 25)

The principles used in setting 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 Important accounting estimates and judgments

Preparation of annual financial statements in accordance with IFRSs includes assessments, estimates and assumptions which both influence which accounting principles are applied and reported values of assets, liabilities, revenues and costs. Fair values may deviate from those estimated.

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

Allocation of fair value on acquisition

For acquisition, the cost of the acquisition must be allocated to individual assets to reflect the fair value of assets and liabilities acquired. If there is no active market for the assets acquired, alternative methods must be applied to establish fair value. Any excess values beyond what can be attributed to identifiable assets and liabilities are recognised in the balance sheet as goodwill. If the fair value of the equity in the acquired company exceeds the consideration, the excess amount is immediately recognised in income. The allocation of cost price deriving from a business combination is changed in the event that new information arises relating to the actual fair value at the time when control is transferred. Any reallocation must take place by the end of the financial year after the acquisition occurred.

Valuation of the biomass

Under IAS 41, Agriculture, fish stocks are valued at fair value less estimated harvesting and sales costs. Fair value is estimated for each location, and biomass data covers the number of fish, estimated average weight and biological cost of the biomass. These estimates involve a considerable level of uncertainty. Valuations are based on estimated numbers of kg of biomass at the end of the period plus 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 in fish can only be observed and assessed to a limited extent 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 in each individual pen. As well as kg biomass, particular pricing assumptions are also important when valuing. The principles used for valuation are described in more detail below in the section describing biological assets, and Note 17 to the financial statements.

Impairment of intangible assets with an indefinite useful life
The Group annually tests its concessions for impairment as defined in the accounting principles. Recoverable amounts are based on estimated future cash flows for the Group's cash-flow-generating units, and 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 main assumptions of significance for cash flows connected to investments are the applied discount rate, forecast salmon prices, estimated harvesting volume, production cost per kg and investment level. Further information regarding the assessment of impairment of capitalised concession assets may be found in Note 11.

Deferred tax
Deferred tax assets based on tax loss carryforwards are recognised in the balance sheet to the extent that forecast future revenues linked to the individual unit will be sufficient to utilise the losses. In so far as companies are included in the group for tax purposes, these are valued as one. Recognition in the balance sheet is based on companies' estimated future revenues. This may mean values reported in the balance sheet relating to tax loss carryforwards may vary over time. See Note 10 for further information on deferred tax assets recognised in the balance sheet.

1.4 Introduction of new and amended standards

New and amended standards applied by the Group in 2010 which have had a material impact on the Group's preparation of the financial statements are shown below:

IFRS 3 – Business Combinations. The acquisition method for business combinations has been substantially amended. The revised standard was applied in the step by step acquisition of Nord Senja Laks AS (for further details see Note 3). The main changes that have affected the financial statements are that previous shareholdings have been revalued at fair value and profits have been recognised in the income statement, and that transaction costs relating to acquisitions have been recognised in income in the period.

IAS 27 – Consolidated and Separate Financial Statements The revised standard requires all transactions with non-controlling owners to be recognised in equity if there is no change of control. The revised standard was applied in the buyout of non-controlling interests in AS Tri (for further details see Note 3).

Other than this, no new standards have been implemented or current accounting standards changed which have had a material impact on the Group's financial reporting in 2010.

1.5 Summary of important accounting principles

Basis of consolidation
Subsidiaries
Subsidiaries are units the company controls. The company has control if it exerts a controlling influence, either 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 time control is achieved until the time 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 on 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 units over which the Group exercises significant influence but not control. 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

Classification of accounting items
Assets and liabilities connected to goods circulation, or which are held for resale, 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 first year's repayments of long-term liabilities are classified as current liabilities.

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

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. Group management regularly examines all operating segments' operating results to evaluate the segments' performance. See Note 4.

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 force 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 financial items.

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 once the risks and control have substantively passed to the purchaser. 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 in income when the income is earned.

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

Fish-farming licences
Concessions acquired by the Group are recognised in the balance sheet at cost. Fish-farming licences are regarded as having an indefinite useful life and are not amortised, but are tested for potential impairment annually.

Property, plant and equipment
Property, plant and equipment is recognised in the balance sheet at cost, less cumulative depreciation and impairments. If material individual parts of a unit of property, plant and equipment have different useful lives, these are recognised as separate components in the financial statements applying differing depreciation schedules. Ongoing maintenance costs are charged to results as they arise.

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

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 exit 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).

Concessions are defined as having indefinite useful economic lives and are not amortised, but tested annually for potential 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 the Northern Region and Southern Region, 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.

Leasing

Lease agreements with terms which essentially devolve economic rights and liabilities to the Group are classified as finance leases. 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 recognised in the balance sheet as liabilities.

Other lease agreements defined as operating leases are recognised in income on an ongoing basis.

Financial instruments

Equity investments

Equity investments which are not investments in subsidiaries or associates are valued at fair value. If there is no active market for equity investments and fair value cannot be reliably established, the investments are valued at cost. Should investments be permanently impaired, they are written down to their estimated net recoverable amount.

Derivatives

The Group uses derivatives to hedge against foreign currency fluctuations arising from operating activities. This is done using forward currency contracts. Derivatives are not included in hedge accounting and are measured at fair value and any changes in value are recognised in income as financial items.

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 with customers which have not been hedged using physical contracts, agreements are concluded 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 on 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 impairments. Trade receivables are valued at nominal value, less any expected losses.

Liabilities

Long- and short-term interest-bearing liabilities and trade payables are initially recognised at fair value less directly attributable transaction costs. In subsequent periods, interest-bearing liabilities are recognised at amortised cost. Trade payables do not generate interest, and are recognised at nominal value in the balance sheet.

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 resale.

Inventory is valued at the lower of cost and net realisable value. The net realisable value is the estimated sales price in ordinary trading 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.

Biological assets (biomass)

Biological assets consist of 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 observable market prices for harvested fish. Prices are adjusted for harvesting costs and freight costs to market to give an estimated price for live fish to the farmer. The estimated quality distribution of fish is also taken into account when estimating value. For smaller fish, the production cost per kg exceeds estimated market value. In such cases the biomass is valued at production cost. If forecast growth and sales are not expected to cover production costs when the fish is harvestable, biomass is valued at estimated market value.

Changes in value are recognised in the income statement on a separate line for fair-value adjustment. 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 goods sold.

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

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.

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

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.

Pensions
Defined contribution pension schemes
Liabilities to pay contributions to defined contribution pension schemes are recognised as costs in the income statement as they arise.

Defined benefit pension schemes
Pension schemes which are not defined contribution schemes are defined benefit schemes. The capitalised liability relating to defined benefit schemes is the present value of the defined benefits at the balance sheet date less the fair value of pension assets, adjusted for unrecognised estimate deviations and unrecognised costs linked to pension entitlements in previous periods. The pension liability is calculated annually by an actuary using a linear accrual method. The pension liability is calculated on the basis of a long-term discount rate and long-term expectations for future return on investment, salary growth, inflation and adjustment in pension levels. Pension assets are valued at fair value.

Changes in the calculated pension liabilities resulting from changes in pension plans are accrued over the remaining vesting period. Estimate deviations resulting from new information or changes in actuarial assumptions are distributed over the remaining vesting period for that part of the deviation which exceeds 10 % of the higher of gross pension liabilities or pension assets.

Tax
Tax on the profit for the year comprises tax payable and deferred tax. Tax is recognised in the income statement with the exception of tax on items which 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 accounting and tax-written-down values of assets and liabilities. 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.

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.

Accounting standards and interpretations issued but not applied
There are several new standards, amendments and interpretations which did not enter into force for the year ending 31 December 2010 and which the Group has elected not to early-adopt. The standards concerned are as follows:

- IAS 24 Related Party Disclosures
- IFRS 9 Financial Instruments
- IAS 32 Financial Instruments: Presentation
- IFRS 7 Financial Instruments: Disclosures
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

1.6 Financial risk

The Group's main financial obligations comprise liabilities to financial institutions and short-term 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 and USD. Hedging of currency revenues is managed through forward currency contracts and offsetting currency exposure deriving from trade receivables by drawing on its overdraft facility in the same amount. The Group also uses futures contracts with a view to reducing foreign currency exposure on trade receivables.

Details of the Group's exposure in foreign currency can be found in Notes 18 and 22. Forward currency contracts see Note 25.

Interest rate risk

The Group's interest-bearing liabilities are currently exposed to variable interest rates. This means that the Group is exposed to changes in interest rates. The Group's interest-bearing liabilities are recognised in the balance sheet at amortised cost, since the difference between amortised cost and fair value is insignificant.

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, bad debts have been small – see Note 18 for further details. Trade receivables are monitored continuously and the Group's policy is to insure all major trade receivables against non-payment.

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 output 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 in the fish pool and possible physical contracts with our suppliers.

The Group's objective is to maintain a balance between long-term funding and flexibility through the use of drawdown facilities. The maturity profile of the company's interest-bearing liabilities is presented in Note 22.

Capital structure and equity

The board's objective is to maintain a strong capital base in order to preserve investor, creditor and market confidence, and develop the business. Return on capital and the level of dividend are monitored by the board. Access to borrowed capital and compliance with loan covenants are monitored continuously. The Group's loan agreements contain requirements with regard to the financial ratios net interest-bearing liabilities/EBITDA and the equity ratio. See Note 22 for further details.

NOTE 2 COMPANIES IN GROUP

The consolidated financial statements for 2010 cover the companies below:

(NOK 1 000)	Registered office	Nominal share capital	Shareholding %
Parent company			
Norway Royal Salmon ASA	Trondheim	37 229	
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 %

NOTE 3 BUSINESS COMBINATIONS AND PURCHASES IN ASSOCIATES

2010

Material share acquisitions in 2010 were as follows: These acquisitions are recognised in accordance with the acquisition method from the acquisition date.

(NOK 1 000)	Shares purchased 2010	Date acquired	Cost	Of which transaction costs
Nord Senja Laks AS	16.67 %	01.07.2010	13 590	109
Frewi Havbruk AS	100.00 %	05.01.2010	2 000	0
Ranfjord Fiskeprodukter AS	27.65 %	01.10.2010	15 952	373

The Group acquired 27.65 per cent of the shares in Ranfjord Fiskeprodukter AS in 2010. The Group did not hold any shares in the company prior to the acquisition. This investment is defined as an associate. A total of NOK 15,952,000 was paid in connection with the acquisition, including total excess values of NOK 11,161,000. Of the excess values, NOK 1,000,000 is allocated to licences while the remaining NOK 10,161,000 is allocated to goodwill.

Subsidiaries purchased 2010

Nord Senja Laks AS

Effective 1 July 2010 the Group acquired 16.25 per cent of the shares in Nord Senja Laks AS (formerly Nord-Senja Fiskeindustri AS). The above acquisition increased the Group's shareholding in the company to 66.25 per cent. Nord Senja Laks AS has been consolidated from this date. The Group acquired a further five shares in Nord Senja Laks in October 2010 for NOK 1,050,000, which is the same price per share as in the previous acquisition. The Group's aggregate shareholding is now 66.67 per cent.

The acquisition was made to further reinforce the Group's already strong position in the Senja area. Nord Senja Laks AS is a salmon-farming company, and owned three salmon-farming licences as of the acquisition date.

Breakdown of payment:	
Cash consideration	9 700
Receivable set off	2 000
Equity instruments (125,001 shares in Norway Royal Salmon ASA)	1 781
Consideration transferred	13 481
Fair value of shareholding in Nord Senja Laks AS before the acquisition	41 481
Fair value of shareholding in Nord Senja Laks AS	**54 962**

The fair value of the 125,001 shares issued as consideration for the acquisition of Nord Senja Laks AS is based on the market price at the transaction date. The issue costs of NOK 100,000 were recognised in the share premium fund on the issue of the shares.

There are no contingent liabilities in connection with the acquisition.

Assets and liabilities associated with the acquisition as of 1 July 2010: (NOK 1 000)	Book value	Fair value adjustments	Fair value
Licences	13 800	85 787	99 587
Property, plant and equipment	20 234	1 000	21 234
Non-current financial assets	1 837	598	2 435
Biological assets/inventories	21 430	0	21 430
Receivables	17 642	0	17 642
Cash and cash equivalents	1 848	0	1 848
Deferred tax liabilities	-4 824	-24 300	-29 124
Interest-bearing liabilities	-15 673	0	-15 673
Trade and other current payables	-36 416	0	-36 416
Fair value of net assets	**19 877**	**63 085**	**82 962**
Fair value of non-controlling owners' interests			28 000
Fair value of shareholding in Nord Senja Laks AS			**54 962**

The fair value of non-controlling owners' interests in Nord Senja Laks AS is estimated based on multiples which have been used for other comparable companies, multiples used by financial analysts in valuing fish farming companies listed on the Oslo Stock Exchange, estimated future cash flows at the business at Nord Senja Laks AS and the company's assets, rights and obligations at the time of acquisition. The final value is established by negotiation between the parties.

The Group recognised a profit of NOK 18,121,000 as a result of the revaluation to fair value of the previous 50 per cent shareholding in Nord Senja Laks AS. The profit is recognised on a separate line as financial income.

Since 1 July 2010 Nord Senja Laks AS has contributed NOK 5,492,000 in sales revenues and NOK 9,473,000 to the consolidated net profit for the year. Although it has not harvested any salmon since becoming part of the Group, the company had a positive impact on the consolidated net result for the year as a result of the fair-value adjustment of biomass in the period.

Based on its results in 2010, the consolidated income statement would have shown sales revenues of NOK 2,028,969 and a net profit for the year of NOK 132,382,000 had Nord Senja Laks AS been consolidated from 1 January 2010. In the first half of 2010 the former Nord-Senja Fiskeindustri AS included both fish farming and white fish business. From 1 July 2010 the white fish business was sold and is no longer included in the Group's operations. In future Nord Senja Laks AS will solely engage in salmon-farming. The company's sales will be made to the parent company Norway Royal Salmon ASA, and thus generally be eliminated on consolidation.

Frewi Havbruk AS

The Group acquired 100 per cent of the shares in Frewi Havbruk AS for NOK 2,000,000 in 2010. The company did not have any activity in 2010, but holds a licence to farm cod and an associated site. Work is underway to find new sites for salmon in connection with this company. Frewi Havbruk AS was merged with Nor Seafood AS in 2010.

Assets and liabilities associated with the acquisition as of 1 October 2010: (NOK 1 000)			
Sites	431	726	1 158
Property, plant and equipment	297	1 703	2 000
Receivables	232	0	232
Cash and cash equivalents	21	0	21
Deferred tax liabilities	0	-661	-661
Other long-term liabilities	-700	0	-700
Trade and other current payables	-50	0	-50
Fair value of net assets	**232**	**1 768**	**2 000**

Frewi Havbruk AS did not contribute any sales or have any impact on profits during the year.

NOTE 3 CONT.

Acquisition of non-controlling interests
An agreement was entered into in October 2010 to buy out the remaining minority shareholders in AS Tri. The Group acquired a further 23.76 per cent of the shares in the company and now holds 100 per cent of the shares.

The transaction was performed as a Group merger with Altafjord Laks AS, with a cash settlement and compensatory shares in the parent company. Minority shareholders received 815,789 shares in Norway Royal Salmon ASA at a price of NOK 16.50 per share (total NOK 13,461,000) plus a cash settlement of NOK 3,000,000. The book value of the minority interest at the acquisition date was NOK 29,141,000. The gain of NOK 12,680,000 was recognised in equity.

AS Tri and Altafjord Laks AS were renamed NRS Finnmark AS after the merger, which is wholly owned by Norway Royal Salmon ASA.

2009

There was one acquisition in 2009. This acquisition is recognised in accordance with the acquisition method from the date of acquisition.

(NOK 1 000)	Shares acquired in 2009	Date acquired	Cost	Of which transaction costs
AS Brilliant Fiskeoppdrett	66 %	01.04.2009	0	0

The Group acquired 66 per cent of the shares in AS Brilliant Fiskeoppdrett in 2009. Added to the Group's existing 34 per cent stake in the company, the total shareholding is now 100 per cent. AS Brilliant Fiskeoppdrett is involved in salmon farming, and has two production licences.

AS Brilliant Fiskeoppdrett contributed sales of NOK 18,466,000 and a profit after tax of NOK 4,356,000 in the period 1 April 2009–31 December 2009. If the shares had been purchased on 1 January 2009, the Group's sales revenues would have been NOK 1,602,502,000 and the consolidated profit after tax for the period would have been NOK 75,295,000.

The consideration paid for the shares in the company was NOK 1.00.

Assets and liabilities associated with the acquisition as of 1 April 2009: (NOK 1 000)	Book value	Fair value adjustments	Fair value
Licences	6 944	27 948	34 892
Deferred tax assets	10 938	-8 351	2 587
Property, plant and equipment	6 187	414	6 601
Non-current financial assets	722	0	722
Biological assets (biomass)	7 041	0	7 041
Receivables	1 350	0	1 350
Interest-bearing liabilities	-38 096	0	-38 096
Other long-term liabilities	-8 133	1 463	-6 670
Trade and other current payables	-8 427	0	-8 427
Fair value of net assets	**-21 474**	**21 474**	**0**

NOTE 4 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's business areas are divided into the Sales and Fish farming. The Sales segment includes the purchase and sale of salmon and trout, as well as the Group's chain management activities. The fish farming business covers farming and harvesting salmon. The fish farming business is divided into two regions: Region North, which consists of the fish farming business in Senja and West Finnmark; and Region South, which consists of the fish farming business in the area around Haugesund.

Group management reviews monthly reports in connection with the segments. Performance is evaluated based on operating results (EBIT) and results before tax (EBT) per segment.

	Sales		Fish farming				Total	
			Region Nord		Region Sør			
(NOK 1 000)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Total segment revenues	1 990 838	1 586 993	209 524	124 766	167 264	69 657	2 367 626	1 781 416
Revenues between segments	0	0	-199 262	-110 133	-166 279	-68 781	-365 541	-178 914
Revenues from external customers	1 990 838	1 586 993	10 262	14 633	985	876	2 002 085	1 602 502
							0	0
Cost of goods sold	1 939 287	1 537 612	86 598	83 511	88 338	36 674	2 114 223	1 657 797
Depreciation/amortisation	399	154	11 999	6 927	6 157	5 395	18 555	12 476
Write-downs	0	0	12 851	0	0	0	12 851	0
Other costs	25 258	28 600	39 144	22 259	21 762	16 498	86 164	67 357
Operating profit before fair-value adjustment	25 894	20 627	58 932	12 069	51 007	11 090	135 833	43 786
Fair-value adjustment	1 516	0	26 393	27 590	-1 570	15 983	26 339	43 573
Operating profit	27 410	20 627	85 325	39 659	49 437	27 073	162 172	87 359
Interest income	383	2 613	312	177	9	9	704	2 799
Interest expenses	-1 636	-2 797	-7 070	-4 179	-5 944	-5 974	-14 650	-12 950
Other financial items	1 086	6 249	-555	-2 734	-57	2 220	474	5 735
Segment profit before tax	27 243	26 692	78 012	32 923	43 445	23 328	148 700	82 943
Total assets	**286 141**	**227 917**	**750 342**	**471 592**	**282 194**	**263 310**	**1 318 677**	**962 819**

For further details of the biomass for the fish-farming business see Note 17.

NOTE 4 CONT.

Reconciliation of reported segment EBT with Group EBT:

(NOK 1 000)	2010	2009
EBT for reportable segments:	148 700	82 943
Unallocated income statement items:		
Results from investments in associates	19 772	6 145
Gain on revaluation of associate shareholding to fair value	18 121	0
Unallocated expenses (operations)	-13 044	-4 432
Unallocated interest (finance)	-4 624	-3 930
Total EBT before tax	**168 925**	**80 726**

Reconciliation of reported segment assets to total assets:

(NOK 1 000)	2010	2009
Segment assets for reportable segments:	1 318 677	962 819
Unallocated assets:		
Investments in other shares	114 136	105 013
Other long-term receivables	31 265	7 415
Restricted bank balances	760	7 785
Total assets in relation to balance sheet	**1 464 838**	**1 083 029**

Geographical market sales:

(NOK 1 000)	2010	2009
Norway	107 732	80 781
EU	1 400 189	1 147 826
Rest of Europe	274 800	245 616
Asia	214 095	123 321
Other countries	5 269	4 958
Total operating revenues	**2 002 085**	**1 602 502**

NOTE 5 PAYROLL COSTS AND BENEFITS

Payroll and personnel costs

(NOK 1 000)	2010	2009
Payroll costs	39 509	28 175
Employer's national insurance contributions	4 011	3 193
Pension costs defined contribution scheme	152	67
Pension costs defined benefit scheme	2 323	2 127
Other benefits	1 448	418
Total payroll and personnel costs	**47 443**	**33 980**
Average full-time equivalents	**73**	**52**

PAYMENTS TO SENIOR MANAGEMENT AND BOARD OF DIRECTORS:

Senior management:

2010 (NOK 1 000)	Payroll costs	Fees	Bonus	Payments in kind	Accrued pension costs [4]	Total
John Binde, CEO [1]	1 367	40	363	215	191	2 175
Ola Loe, CFO	1 016	0	109	18	122	1 265
Roger Bekken, COO [1 and 2]	398	20	0	5	88	511
Håkon Brønstad, COO [3]	544	0	108	4	35	690
Stein Martinsen, Director marketing and sales	859	0	102	12	318	1 291
Torstein Tiller, Director admin and chain operations	845	0	68	11	354	1 278
Total	**5 030**	**60**	**750**	**264**	**1 107**	**7 211**

1) Fees are directors' fees paid by subsidiaries.
2) Roger Bekken took up his position as COO on 1 August 2010. Salary received from 1 July 2010.
3) Håkon Brønstad was COO until 1 August 2010. The salary shown is for the period 1 January–31 July 2010.
4) Accrued pension cost are entitlements under the defined benefits pension scheme for the year. The amount is not deducted wiht the employees own share on 2 percent of gross salary.

2009 (NOK 1 000)	Payroll costs	Fees	Bonus	Payments in kind	Accrued pension costs [4]	Total
John Binde, CEO [1]	1 243	30	285	203	66	1 827
Ola Loe, CFO [2]	811	0	0	10	89	911
Håkon Brønstad, COO [3]	779	0	0	12	85	876
Stein Martinsen, Director marketing and sales	834	0	54	10	-22	876
Torstein Tiller, Director admin and chain operations	816	0	55	10	41	922
Totalt	**4 482**	**30**	**394**	**247**	**259**	**5 412**

1) Fees are directors' fees paid by subsidiaries.
2) Ola Loe took up his position as CFO on 9 February 2009.
3) Håkon Brønstad took up his position as COO on 1 February 2009.
4) Accrued pension cost are entitlements under the defined benefits pension scheme for the year. The amount is not deducted wiht the employees own share on 2 percent of gross salary.

NOTE 5 CONT.

Directors fee:

(NOK 1 000)	**2010**	**2009**
Eldbjørg Gui Standal, Board Chair	165	184
Helge Gåsø, Vice Chair [1)]	138	123
Endre Glastad	71	63
Inge Kristoffersen	73	72
Karsten Måsøval	73	83
Karl-Olaf Jørgensen	78	28
Rolf Haugarvoll	0	19
Total	**597**	**571**

1) Includes directors' fees received from subsidiaries in the amounts of NOK 30,000 in 2009 and NOK 60,000 in 2010. The Vice Chair also received consultancy fees via his company Gåsø Næringsutvikling AS for consultancy services during the period in the invoiced amounts of NOK 280,000 for 2009 and NOK 80,000 for 2010. These are not included in the list above.

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 established a special Compensation Committee in 2010. 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.

Otherwise, 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. MAIN PRINCIPLES ON REMUNERATION FOR THE 2011 FINANCIAL YEAR

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

Basic salary
The basic salary shall be based on job content, responsibility levels, expertise 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. Bonuses are paid the year after they are earned. All Group managers participate in the bonus scheme on the same basis as all parent company staff. For 2011 the Group Chair has a bonus scheme consisting of a fixed and a discretionary component. The discretionary component may not exceed three months' salary. The fixed component is linked to the planned listing of the company on the Oslo Stock Exchange or Oslo Axess. The Group Chair will be entitled to an NOK 125,000 bonus if the listing is successful. The discretionary component is established by the Compensation Committee, and depends on a number of different factors.

Benefits in kind
The company shall not offer any benefits in kind other than those stated below: Company car 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" was introduced for Group management in February 2011. Provided the company's shares are listed on the Oslo Stock Exchange during 2011, 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. Bonuses are calculated 12, 24 and 36 months after the listing date, 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 the time they are listed until the dates stated, and in proportion to the price increase in the period for 300,000 shares for the Group Chair and from 90,000 to 210,000 shares for other senior executives.

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 CFO are entitled under certain circumstances to one year's and six months' severance pay respectively. Otherwise, individual contracts of employment apply which are essentially based on the terms of the Norwegian Working Environment Act.

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.

2. SENIOR MANAGEMENT REMUNERATION POLICY IN 2010

In addition to their fixed salary, the following benefits were paid to Group management in 2010:

Group management participates in the bonus scheme on the same basis as all parent company staff. This bonus scheme is based on the parent company's operating profit, where the maximum bonus is 100 per cent or 150 per cent of one month's salary. No bonus will be paid if the operating profit achieved is less than 75 per cent of budget.

In 2010 the CEO had a bonus scheme which is triggered if the established operating profit achieved exceeded NOK 6,000,000. This bonus is 2 per cent of the parent company's operating profit, but subject to a maximum of 30 per cent of annual salary. This bonus is conditional on achieving a profit for the year and dividends being paid to the company's shareholders during the year. Bonuses paid in 2010, based on profits made in 2009, amounted to NOK 362,500.

Group management is covered by the Group pension scheme on the same basis as other parent company staff. For further details see Note 8.

The CEO and CFO are entitled to severance pay if the company terminates their contracts. The CEO is entitled to one year's severance pay, while the CFO is entitled to six months' salary following cessation of employment. No other member of Group management or the board is entitled to severance pay.

The CEO receives a free company car. Apart from this, Group management also received benefits in kind such as free telephones, free Internet and free paper.

Loans have been extended to the CEO with a book value of NOK 257,000 as of 31 December 2010. Interest is at NIBOR + 0.25 per cent. Loan repaid over five years. Security was provided by pledging shares.

NOTE 6 OPERATING EXPENSES

Breakdown of other operating expenses:

(NOK 1 000)	**2010**	**2009**
Premises and equipment hire	4 102	2 408
Maintenance	12 454	13 315
Equipment not recognised in balance sheet	1 233	993
Fuel	3 771	1 633
External fees	4 770	4 361
Bad debts	2 325	1 251
Other	23 110	13 849
Total other operating expenses	**51 765**	**37 810**

NOTE 7 AUDITOR'S FEES

Auditor's fees:	**Deloitte**		**Other auditors**	
(NOK 1 000)	**2010**	**2009**	**2010**	**2009**
Statutory auditing services	266	498	66	78
Other attestation services	6	8	0	0
Tax advisory services	3	22	0	0
Ohter services	75	0	0	0
Total auditor's fees	**350**	**529**	**66**	**78**

NOTE 8 PENSION COSTS AND LIABILITIES

As of 31 December 2010, 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 staff.

The parent company operates a defined benefits pension scheme, covering 32 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).

Pension costs:

(NOK 1 000)	2010	2009
Current service cost	2 353	2 153
Interest cost	936	845
Expected return on plan assets	-640	-598
Actuarial gain and losses	0	9
Employee contributions to scheme	-325	-282
Net pension costs service – defined benefit scheme	**2 323**	**2 127**
Costs of defined contribution pension scheme	152	67
Total pension costs	**2 475**	**2 194**

Assumptions:	2010	2009
Discount rate	4,00 %	4.40 %
Expected return on plan assets	5,40 %	5.60 %
Future salary increases	4,00 %	4.25 %
Inflation rate	3,75 %	4.00 %
Future pension increase	1,30 %	1.30 %
Demographic factors:		
Early retirement	IR02-level	IR02-level
Mortality rate	K2005	K2005

	2010	2009
Paid into scheme during the year	2 681	2 187
Forecast payment to scheme next year	2 000	1 550

Calculation of amount recognised in the balance sheet:

(NOK 1 000)	31.12.2010	31.12.2009
Present value of funded obligations	25 729	21 472
Fair value of plan assets	-15 930	-13 775
Actuarial gains/ losses not recognised in the income statement	-2 079	433
Net pension liabilities in balance sheet	**7 719**	**8 130**

Change in present value pension liabilities:

(NOK 1 000)	**2010**	**2009**
Pension liabilities as of 1 January	21 472	22 834
Current service cost	2 353	2 153
Interest expense	936	845
Pension payments	-175	-175
Employer's national insurance contributions on payment for the year	-378	-308
Actuarial losses/ (gain)	1 521	-3 876
Pension liabilities as of 31 December	**25 729**	**21 472**

Change in estimated fair value of plan assets:

(NOK 1 000)	**2010**	**2009**
Estimated fair value of plan assets as of 1 January	13 775	12 184
Expected return on plan assets	640	598
Contributions paid	2 681	2 187
Pension payments	-175	-175
Actuarial (losses)/ gain	-991	-1 019
Plan assets as of 31 December	**15 930**	**13 775**

Pension funds are made up as follows:

(NOK 1 000)	**2010**	**2009**
Money market fund	12.0 %	13.0 %
Shares	17.0 %	11.0 %
Short-term bonds	26.0 %	27.0 %
Long-term bonds	23.0 %	27.0 %
Property	16.0 %	16.0 %
Other	6.0 %	6.0 %
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 NOK 20,284,000. Conversely, reducing the discount rate by 1 per cent would result in a gross pension liability of NOK 33,024,000.

NOTE 9 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial items included in the income statement:

(NOK 1 000)	2010	2009
Gain on revaluation of associate shareholding to fair value	18 121	0
Results from investments in associates	19 772	6 145
Interest income	704	2 047
Foreign exchange gains	0	1 467
Change in unrealised gains on derivatives	3 090	6 273
Debt relief	0	2 213
Other financial income	205	144
Financial income	**41 892**	**18 289**
Interest expenses	19 466	16 127
Foreign exchange losses	1 856	0
Realised losses on derivatives	147	3 180
Other financial expenses	627	1 182
Financial expenses	**22 096**	**20 489**
Net financial items	**19 796**	**-2 200**

NOTE 10 TAX

TAX EXPENSE

The tax expense for the year is as follows:

(NOK 1 000)	2010	2009
Tax payable	1 136	0
Change in deferred tax	35 759	4 189
Corrections from previous years	-97	0
Tax expense for the year	**36 798**	**4 189**

Tax expense on items recognised in comprehensive income:	2010			2009		
(NOK 1 000)	Before tax	Tax expense	After tax	Before tax	Tax expense	After tax
Available-for-sale financial assets	23 847	715	23 132	0	0	0
Total tax recognised in comprehensive income	**23 847**	**715**	**23 132**	**0**	**0**	**0**

Tax recognised directly in equity:

(NOK 1 000)	2010	2009
Tax relating to costs recognised directly in equity	45	0
Total tax recognised in equity	**45**	**0**

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2010	2009
Profit before tax	168 925	80 726
Tax calculated at nominal tax rate (28%)	47 299	22 603
Tax effects of:		
Expeses not deductible for tax purposes	206	56
Equity method associates	-5 536	-1 721
Gain on revaluation of associate shareholding to fair value	-5 074	0
Corrections from previous years	-97	0
Effect of deferred tax assets not previously recognised	0	-16 750
Effect of deferred tax assets not previously recognised	**36 798**	**4 189**
Effective tax rate	**22 %**	**5 %**

NOTE 10 CONT.

DEFERRED TAX LIABILITIES

Breakdown of deferred tax and basis for deferred tax:

(NOK 1 000)	31.12.2010	31.12.2009
Intangible assets	452 091	366 294
Property, plant and equipment	-15 066	-8 302
Inventory	385 475	255 756
Trade receivables	-582	205
Pensions	-7 719	-8 130
Other	7 674	1 251
Tax losses carryforwards	-201 822	-223 671
Basis for deferred tax	**620 051**	**383 403**
Estimated deferred tax liabilities	**173 610**	**107 352**

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

(NOK 1 000)	31.12.2010	31.12.2009
Deferred tax benefits:		
Long-term tax items	-63 519	-67 277
Short-term tax items	-163	0
Deferred tax:		
Long-term tax items	126 585	102 891
Short-term tax items	110 707	71 739
Deferred tax 31 December	**173 610**	**107 352**

Change in deferred tax liabilities in balance sheet:

(NOK 1 000)	2010	2009
Book value as of 1 January	107 352	105 613
Acquisition of subsidiaries (Note 3)	29 785	-2 587
Income statement charge	35 759	4 189
Tax effect relating to components of other comprehensive income	715	0
Other changes	0	137
Book value 31 December	**173 610**	**107 352**

The Group has recognised deferred tax benefits in the balance sheet in connection with tax loss carryforwards as management believes that it will be possible to set these against future taxable revenues. All Group companies are located in Norway and are subject to a nominal tax rate of 28%. There is no limit on the time for carrying forward tax losses within the Group.

NOTE 11 INTANGIBLE ASSETS

Cost:	**Fish farming licences**	
(NOK 1 000)	**2010**	**2009**
Acquisition cost as of 1 January	397 543	350 649
Additions on acquisitions during the year	100 744	34 894
Additions during the year	0	12 000
Acquisition cost as of 31 December	498 287	397 543

Breakdown of fish farming licences by region: (NOK 1 000)	**Number of licences**	**Cost**	**Book value 31.12.2010**
Region Nord	19	365 426	365 426
Region Sør	6	132 861	132 861
Totalt	25	498 287	498 287

Annual impairment test
Fishfarming licences are defined as having an indefinite useful economic life and are not amortised, but are tested for potential impairment each year. This is done by comparing assets' recoverable amounts with their book values.

Impairment testing is performed for each cash flow generating unit (CGU). Region North and Region South are defined as cash-flow generating units 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 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.

Calculations are based mainly on discount rates, harvesting volumes, salmon prices, production costs per kg and investment levels.

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 per cent. The estimated value in use is based on a discount rate after tax of 9.86 per cent. This is based on a risk-free interest rate of 3.86 per cent and risk premium of 6 per cent. The discount rate is an estimated average capital cost for the Group (WACC – weighted average cost of capital). Capital costs are calculated by considering the company's long-term share payments, 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.

There are material positive differences between estimated recoverable amounts and book values in Region North and Region South. Sensitivity analyses are conducted by looking at changes in discount rates, EBIT per kg and harvesting volume.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

(NOK 1 000)	Land and buildings	Machinery and equip-ment	Boats and floating assets	Other operating assets	Total	Of which leased opera-ting assets
Acquisition cost as of 1 January 2009	6 975	32 278	21 839	7 160	68 252	17 363
Additions during the year resulting for acquisition	1 326	5 454	3 209	1 651	11 641	5 455
Additions	0	10 794	443	1 831	13 068	5 589
Disposals	-246	0	0	-750	-996	0
Acquisition cost as of 31 December 2009	8 055	48 526	25 491	9 892	91 965	28 408
Acquisition cost as of 1 January 2010	8 055	48 526	25 491	9 892	91 965	28 408
Additions during the year resulting for acquisition	3 177	10 609	9 167	280	23 233	1 425
Additions	128	29 426	33 124	3 074	65 751	54 068
Disposals	-1 398	-6 425	-6 015	0	-13 839	0
Acquisition cost as of 31 December 2010	9 962	82 136	61 767	13 246	167 111	83 901
Accumulated depreciation as of 1 January 2009	784	7 187	7 374	5 416	20 760	6 656
Depreciation for the year	422	8 089	3 043	922	12 475	3 780
Disposals	0	0	0	-337	-337	0
Accumulated depreciation as of 31 December 2009	1 206	15 276	10 417	6 001	32 898	10 436
Accumulated depreciation as of 1 January 2010	1 206	15 276	10 417	6 001	32 898	10 436
Depreciation for the year	465	11 340	5 189	1 561	18 555	7 509
Impairments	4 899	5 792	2 160	0	12 851	0
Disposals	0	-6 425	-4 707	0	-11 132	0
Accumulated depreciation as of 31 December 2010	6 570	25 982	13 059	7 562	53 173	17 945
Book value as of 1 January 2009	6 192	25 091	14 465	1 743	47 491	10 707
Book value as of 31 December 2009	6 850	33 251	15 075	3 892	59 068	17 972
Book value as of 31 December 2010	3 392	56 154	48 708	5 683	113 937	65 956
Economic life	20 years	5–10 years	5–15 years	3–5 years		
Depreciation schedule	Straight-line	Straight-line	Straight-line	Straight-line		

Write-downs and other non recurring items

In 2010 the Group recognised write-downs and costs relating to individual events in the total amount of NOK 14,469,000. These costs relate to two matters:

In 2010 the decision was taken to dispose of one of the harvesting facilities in the Region North, and operating assets used at that harvesting facility were written down to their estimated recoverable amount. Total write-down in connection with the harvesting business in 2010 amounted to NOK 8,191,000, and a further NOK 1,293,000 was charged to cover other costs in connection with the disposal.

The Region North upgraded certain sites in 2010. This involving the scrapping and write-down of operating equipment in the amount of NOK 4,660,000. Clearance costs of NOK 325,000 were also incurred in connection with the same matter in 2010.

NOTE 13 INVESTMENTS IN ASSOCIATES

2010 (NOK 1 000)	Shareholding	Book value 31.12.2009	Share of profit/loss for the year	Received dividend	Acquisitions/ disposals in the period	Book value 31.12.2010
Company						
Nord Senja Laks AS	50.00 %	23 281	-30	0	-23 251	0
Wilsgård Fiskeoppdrett AS	37.50 %	34 292	6 940	0	0	41 232
Larssen Seafood AS	48.00 %	7 039	3 463	-924	0	9 578
Måsøval Fishfarm AS	36.10 %	16 988	8 952	-2 888	0	23 052
Hellesund Fiskeoppdrett AS	33.50 %	23 364	-920	-50	0	22 394
Hardanger Fiskeforedling AS	31.10 %	2	1 043	0	0	1 045
Espevær Laks AS	37.50 %	0	-66	0	1 125	1 059
Ranfjord Fiskeprodukter AS	27.65 %	0	-224	0	15 952	15 728
Other		48	0	0	0	48
Total associates		**105 013**	**19 158**	**-3 862**	**-6 174**	**114 136**
Reversal of previous provision for share of negative equity			612			
Share of associates recognised in income			**19 772**			

The Group's share of fair-value adjustment in connection with biomass at associates was NOK 12,484,000 as of 31 December 2010. The fair-value adjustment at the start of the year was NOK 11,617,000. The increase of NOK 867,000 is included in the results from investments in associates.

Nord Senja Laks AS (formerly Nord-Senja Fiskeindustri AS) was an associate until 30 June 2010. The company is included as a subsidiary in the Group from 1 July 2010. For further details of the transaction see Note 3.

The Group acquired a 27.65 per cent stake in the smolt producer Ranfjord Fiskeprodukter AS in 2010. For further information see Note 3.

As of 31 December 2009 Espevær Laks AS had negative equity. NRS recognised its share of the negative equity up to the value of the guarantee liability issued by the Group. In 2010 Espevær Laks AS implemented an issue, on which it generated a profit. The provision of NOK 612,000 was therefore reversed in 2010. NRS contributed NOK 1,125,000 to the issue implemented by the company in 2010.

2009 (NOK 1 000)	Shareholding	Book value 31.12.2008	Share of profit/loss for the year	Received dividend	Acquisitions/ disposals in the period	Book value 31.12.2009
Company						
Nord-Senja Fiskeindustri AS	50.0 %	25 313	-1 242	-790	0	23 281
Wilsgård Fikseoppdrett AS	37.5 %	34 061	1 356	-1 125	0	34 292
Larssen Seafood AS	48.0 %	5 829	1 546	-336	0	7 039
Måsøval Fishfarm AS	36.1 %	11 759	5 409	-180	0	16 988
Hellesund Fiskeoppdrett AS	33.5 %	21 612	1 802	-50	0	23 364
Hardanger Fiskeforedling AS	31.1 %	832	-830	0	0	2
Espevær Laks AS	37.5 %	1 284	-1 284	0	0	0
Other		48	0	0	0	48
Total associates		**100 738**	**6 757**	**-2 481**	**0**	**105 013**
Share of negative equity – recognised as provision			-612			
Share of associates recognised in income			**6 145**			

NOTE 13 CONT.

The Group owned 34 per cent of AS Brilliant Fiskeoppdrett at the start of the year. As of 1 April 2009 the Group acquired the remaining 66 per cent of the shares, and AS Brilliant Fiskeoppdrett is included in the Group effective from the acquisition date. For further information see Note 3.

Espevær Laks AS had negative equity as of 31 December 2009. NRS has recognised its share of negative equity up to the value of the guarantee liability issued by the Group. This provision is NOK 612,000 and is classified under other short-term liabilities.

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

2010 (NOK 1 000)	**Business local authority**	**Gross operating revenues 2010**	**Profit/loss 2010**	**Total assets 31.12.10**	**Total liabilities 31.12.10**	**Total equity 31.12.2010**
Company						
Nord Senja Laks AS *	Botnhamn	51 796	3 982			
Wilsgård Fiskeoppdrett AS	Torsken	77 087	18 107	110 642	46 990	63 652
Larssen Seafood AS	Nord-Solvær	28 573	7 035	23 382	6 246	17 136
Måsøval Fishfarm AS	Frøya	249	22 761	54 812	10 351	44 462
Hellesund Fiskeoppdrett AS	Høvåg	24 303	-2 744	35 564	3 988	31 576
Ranfjord Fiskeprodukter AS **	Mo i Rana	34 431	4 593	46 004	29 487	16 517
Hardanger Fiskeforedling AS	Strandebarm	44 012	3 093	13 843	10 481	3 362
Espevær Laks AS	Bømlo	42 214	542	12 565	9 742	2 823

* Nord Senja Laks AS (formerly Nord-Senja Fiskeindustri AS) was an associate of the Group until 1 July 2010, since when the company has been included in the Group's scope of consolidation. The figures stated are for the period 1 January–30 June 2010. In the first half of 2010 the former Nord-Senja Fiskeindustri AS included both fish farming and white fish business. From 1 July 2010, the white fish business was sold to a separate company, which is no longer included in the Group's operations.

** Ranfjord Fiskeprodukter AS has been included in the Group since 1 October 2010. However, the figures stated cover the whole of 2010.

2009 (NOK 1 000)	**Business local authority**	**Gross operating revenues 2009**	**Profit/loss 2009**	**Total assets 31.12.09**	**Total liabilities 31.12.09**	**Total equity 31.12.09**
Selskap						
Nord-Senja Fiskeindustri AS	Botnhamn	80 812	-2 599	80 578	60 571	20 007
Wilsgård Fiskeoppdrett AS	Torsken	57 991	3 758	92 637	47 075	45 562
Larssen Seafood AS	Nord-Solvær	21 698	3 155	19 623	7 776	11 847
Måsøval Fishfarm AS	Frøya	310	15 185	32 932	7 207	25 725
Hellesund Fiskeoppdrett AS	Høvåg	22 529	5 380	39 809	5 338	34 471
Hardanger Fiskeforedling AS	Strandebarm	38 095	-1 893	12 217	12 209	8
Espevær Laks AS	Bømlo	41 642	-5 382	12 345	15 772	-3 427

NOTE 14 FINANCIAL INSTRUMENTS BY CATEGORY

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

As of 31 December 2010

(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	34 053	34 053
Derivatives	0	4 855	0	0	4 855
Trade and other receivables*	286 756	0	0	0	286 756
Financial assets at fair value through profit or loss	0	0	0	0	0
Cash and cash equivalents	4 748	0	0	0	4 748
Total	**291 504**	**4 855**	**0**	**34 053**	**330 412**

* Trade and other receivables exclude prepayments

(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	366 752	366 752
Finance leases	0	0	63 988	63 988
Derivatives	0	0	0	0
Trade and other payables *	0	0	268 481	268 481
Total	**0**	**0**	**699 221**	**699 221**

* Trade and other payables excluding statutory liabilities

As of 31 December 2009

(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	9 121	9 121
Derivatives	0	249	0	0	249
Trade and other receivables*	239 635	0	0	0	239 635
Financial assets at fair value through profit or loss	0	0	0	0	0
Cash and cash equivalents	1 810	0	0	0	1 810
Total	**241 445**	**249**	**0**	**9 121**	**250 815**

* Trade and other receivables exclude prepayments

(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	352 755	352 755
Finance leases	0	0	17 557	17 557
Derivatives	0	0	0	0
Trade and other payables *	0	0	192 884	192 884
Total	**0**	**0**	**563 196**	**563 196**

* Trade and other payables excluding statutory liabilities

NOTE 14 CONT.

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 2010:

(NOK 1 000)	**Nivå 1**	**Nivå 2**	**Nivå 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
– Derivatives held for trading purposes	0	0	0	0
– Securities held for trading purposes	0	0	0	0
Derivatives used for hedging	0	4 855	0	4 855
Available-for-sale financial assets				
– Equity instruments	0	0	34 053	34 053
– Debt instruments	0	0	0	0
Total assets	**0**	**4 855**	**34 053**	**38 908**
Liabilities				
Financial liabilities at fair value through profit or loss				
– Derivatives held for trading purposes	0	0	0	0
Derivatives used for hedging	0	0	0	0
Total liabilities	**0**	**0**	**0**	**0**

The table below shows the Group's assets and liabilities measured at fair value as of 31 December 2009:

(NOK 1 000)	**Nivå 1**	**Nivå 2**	**Nivå 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
– Derivatives held for trading purposes	0	0	0	0
– Securities held for trading purposes	0	0	0	0
Derivatives used for hedging	0	249	0	249
Available-for-sale financial assets				
– Equity instruments	0	0	9 121	9 121
– Debt instruments	0	0	0	0
Total assets	**0**	**249**	**9 121**	**9 370**
Liabilities				
Financial liabilities at fair value through profit or loss				
– Derivatives held for trading purposes	0	0	0	0
Derivatives used for hedging	0	0	0	0
Total liabilities	**0**	**0**	**0**	**0**

NOTE 15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group recognised a net value adjustment in the period of NOK 23,132,000. This value adjustment is recognised in comprehensive income and is included in comprehensive income for the period. The value adjustment is connected to the Group's shares in Lingalaks AS. All the shares were realised in the first quarter of 2011. Fair value cannot be measured reliably for other share investments classified as available for sale, so these are valued at cost. All the Group's investments in the available-for-sale category are unlisted shares.

(NOK 1 000)	31.12.2009	Additions in connection with acquisitions	Gross unrealised gains	31.12.2010
Available-for-sale financial assets	9 121	1 085	23 847	34 053
Total available-for-sale financial assets	**9 121**	**1 085**	**23 847**	**34 053**

Available-for-sale financial assets comprise:

(NOK 1 000)	Ownership share	31.12.2010	31.12.2009
Company			
Lingalaks AS	12.80 %	30 850	7 002
Skardalen Settefisk AS	30.00 %	2 000	1 000
Other unlisted shares		1 204	1 119
Total available-for-sale financial assets		**34 053**	**9 121**

The Group has a 30 per cent shareholding in Skardalen Settefisk AS. The Group has not defined this investment as an associate, as the company has a dominant owner with a 70 per cent shareholding, which means the Group cannot be deemed to have a significant influence.

NOTE 16 INVENTORY

(NOK 1 000)	31.12.2010	31.12.2009
Raw materials	11 776	5 753
Finished goods	3 443	3 861
Total inventory	**15 219**	**9 614**

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

NOTE 17 BIOLOGICAL ASSETS (BIOMASS)

Specification of biological assets:

(NOK 1 000)	31.12.2010	31.12.2009
Biological assets valued at cost	310 975	205 966
Fair value-adjustment of the biological assets	75 000	50 176
Total biological assets	**385 975**	**256 142**

Breakdown of changes in book value of biological assets:

(NOK 1 000)	2010	2009
Biological assets as of 1 January	256 142	125 175
Book value of biological assets in acquired entities	19 926	7 041
Increase due to production in the period	294 644	229 444
Reduction due to harvesting in the period	-209 560	-149 091
Fair value adjustment of the biological assets	24 823	-43 573
Biological assets as of 31 December	**385 975**	**256 142**

Breakdown of biological assets – tonnes (ungutted weight)	2010	2009
Biological assets as of 1 January	10 639	5 691
Additions of biological assets in acquired entities	225	410
Increase due to production in the period	14 816	12 765
Reduction due to harvesting in the period	-12 912	-8 227
Biological assets as of 31 December	**12 768**	**10 639**

Valuation 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.

Valuation model:

The starting point for the fair-value adjustment is the market price for harvested fish as presented in published market statistics. Deductions are made to the market price for harvesting costs and transport to the market to reflect the net sales consideration for live fish to the farmer. Expected quality upon harvesting is estimated and affects the calculated net sales price. The biomass at each individual site is valued separately. Specification of the biomass includes number of fish, estimated average growth and production cost. In the model the value is calculated by assigning a value to the weight in kg of biomass. The weight in kg of biomass is multiplied by the value per kg to express overall fair value. For smaller fish, production costs per kg will exceed calculated market value, in which case the biomass is valued at production cost. If the anticipated growth in weight and sales revenues is not expected to cover production costs when the fish is harvestable, the biomass is valued at calculated market value.

Sensitivity analyses:

Based on the Group’s biomass as of 31 December 2010, an increase or reduction in price of NOK 1.00 per kg would result in an increase or reduction in the book value of the biomass of NOK 8,382,000.

NOTE 18 TRADE AND OTHER RECEIVABLES

Breakdown of trade and other receivables:

(NOK 1 000)	31.12.2010	31.12.2009
Trade receivables	255 362	214 197
Provision for bad debts	-1 450	-800
Net trade receivables	253 912	213 397
Other short-term receivables	40 811	20 539
Other long-term receivables	3 760	10 782
Total trade and other receivables	**298 483**	**244 718**

Other short-term receivables comprise:

(NOK 1 000)	2010	2009
Fair value of derivatives	4 855	249
Prepaid costs	11 727	5 083
Value added tax repayable	23 057	15 207
Other receivables	1 172	0
Total other short-term receivables	**40 811**	**20 539**

Change in general provision for bad debts:

(NOK 1 000)	2010	2009
Provision for bad debts as of 1 January	-800	-913
Bad debts recorded in the year	1 675	1 364
Change in provision for bad debts	-2 325	-1 250
Provision for bad debts as of 31 December	**-1 450**	**-800**

Foreign currency exposure on receivables:

(NOK 1 000)	31.12.2010	31.12.2009
CHF	1 019	796
EUR	153 399	110 100
GBP	2 701	564
JPY	5 407	3 198
SEK	1 135	3 557
USD	40 360	34 644
NOK	49 891	60 539
Total book value trade receivables	**253 912**	**213 397**

NOTE 19 CASH AND CASH EQUIVALENTS

(NOK 1 000)	31.12.2010	31.12.2009
Bank deposits	4 748	1 810
Cash and cash equivalents in statement of cash flows	**4 748**	**1 810**
Of which restricted bank balances	4 494	1 266

NOTE 20 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital in parent company as of 31 December 2010:	No. of shares	Nominal	Value
Ordinary shares	37 229 198	1,00	37 229 198

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 2010:

Aksjeeier	No. of shares	Shareholding	Voting rights
Gåsø Næringsutvikling AS	4 705 778	12.64 %	12.64 %
Glastad Invest AS	4 027 000	10.82 %	10.82 %
Egil Kristoffersen og Sønner AS	3 213 567	8.63 %	8.63 %
Havbruksinvest AS	3 117 312	8.37 %	8.37 %
Måsøval Eiendom AS	3 079 022	8.27 %	8.27 %
NRP Seafood AS	2 164 155	5.81 %	5.81 %
Nyhamn AS	2 013 371	5.41 %	5.41 %
Lovundlaks AS	1 781 254	4.78 %	4.78 %
Sparebanken Midt-Norge Invest AS	1 531 663	4.11 %	4.11 %
Hellesund Fiskeoppdrett AS	1 350 000	3.63 %	3.63 %
Rolv Haugarvoll AS	1 295 614	3.48 %	3.48 %
Henden Fiskeindustri AS	592 502	1.59 %	1.59 %
Atoli AS	588 752	1.58 %	1.58 %
Wilsgård Fiskeoppdrett AS	468 689	1.26 %	1.26 %
Karl Olaf Jørgensen	435 000	1.17 %	1.17 %
Gry Marit Eikremsvik	430 000	1.16 %	1.16 %
Alf Sigurd Pedersen	411 268	1.10 %	1.10 %
Biomar AS	304 245	0.82 %	0.82 %
Barbinvest AS	272 115	0.73 %	0.73 %
Måsøval Eiendom AS	240 219	0.65 %	0.65 %
Total 20 largest shareholders	32 021 526	86.01 %	86.01 %
Total other shareholders	5 207 672	13.99 %	13.99 %
Total no. of shares	37 229 198	100.00 %	100.00 %

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

	Occupation	No. of shares	Shareholding	Voting rights
Elbjørg Gui Standal c/o Elinora Consulting AS	Chair	116 028	0.31 %	0.31 %
Helge Gåsø c/o Gåsø Næringsutvikling AS	Vice Chair	4 705 778	12.64 %	12.64 %
Endre T. Glastad c/o Glastad Invest AS	Board member	4 027 000	10.82 %	10.82 %
John Binde c/o Kabuso AS and Barbinvest AS *	CEO	572 165	1.54 %	1.54 %
Ola Loe	CFO	41 249	0.11 %	0.11 %
Roger Bekken	COO	60 050	0.16 %	0.16 %
Stein Martinsen and related parties	Director marketing and sales	155 533	0.42 %	0.42 %
Torstein Tiller	Director admin and chain operations	130 735	0.35 %	0.35 %

* CEO owns 50 per cent of the shares in Barbinvest AS. Barbinvest AS owned 272,115 shares in NRS as of 31 December 2010.

Treasury shares:
The board is authorised to acquire treasury shares up to a total nominal value of NOK 3,628,840. This board mandate runs for 18 months from the date of the resolution, 6 May 2010. 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 30.00. The Group acquired 78,924 treasury shares in connection with the acquisition of Nord Senja Laks AS (see Note 3). The market value on acquisition was NOK 14.25.

The Group sold 243,829 shares to Group management during the year. These shares were transferred at NOK 11.00, which was the market price at the transaction date.

The Group gave its staff 50 free shares each this year – 4,700 shares in all. The market price at the time of the gift was NOK 20.00. This gift of NOK 94,000 is included in the income statement as a payroll cost.

The Norway Royal Salmon Group held 9,224 treasury shares at the end of 2010. This is 255,105 fewer than at the end of the previous year. Treasury shares represent 0.02 per cent of all shares issued.

Board mandates:
The board is authorised to increase the share capital by up to NOK 18,144,200 by issuing up to 18,144,200 shares at NOK 1.00. These shares will be subscribed for at a price set by the board at the subscription date. This authority runs until the Annual General Meeting in 2011, however until no later than 30 June 2011.

Dividend:
Dividends paid in 2010 and 2009 were NOK 5,430,014 (NOK 0.15 per share) and NOK 3,619,910 (NOK 0.10 per share) respectively. The total dividend proposed for the financial year 2010 is NOK 35,000,000. The resolution will be adopted at the Annual General Meeting of 25 May 2011. The proposed dividend is not reflected in the annual financial statements.

NOTE 21 EARNINGS PER SHARE

Result allocated to majority shareholders:

(NOK 1 000)	2010	2009
Majority share of net profit for the year	**123 528**	**71 137**
Fair value adjustment	-20 854	-40 194
Tax on changes in value	5 839	11 254
Majority share of value-adjusted profit for the year	**108 513**	**42 197**

Outstanding shares:

(NOK 1 000)	2010	2009
Outstanding shares as of 1 January	36 024 079	36 057 343
Issue effects	940 790	0
Effect of buy-back of treasury shares	-78 924	-34 264
Effect of sale of treasury shares	334 029	1 000
Outstanding shares as of 31 December	**37 219 974**	**36 024 079**

Basic earnings per share	**2010**	**2009**
Basis	3.32	1.97
Diluted	3.32	1.97

Value-adjusted earnings per share	**2010**	**2009**
Basis	2.92	1.17
Diluted	2.92	1.17

NOTE 22 INTEREST-BEARING LIABILITIES

Long-term interest-bearing liabilities:

(NOK 1 000)	31.12.2010	31.12.2009
Liabilities to financial institutions	228 953	177 726
Long-term finance leases	52 528	13 004
Other long-term liabilities	1 000	0
Total long-term interest-bearing liabilities	**282 481**	**190 730**

Short-term interest-bearing liabilities:

(NOK 1 000)	31.12.2010	31.12.2009
Liabilities to financial institutions	132 438	147 999
First year's deduction long-term liabilities	15 821	28 057
Other short-term interest-bearing liabilities	0	3 526
Total short-term interest-bearing liabilities	**148 259**	**179 582**
Total interest-bearing liabilities	**430 740**	**370 312**
Cash and cash equivalents	4 748	1 810
Net interest-bearing liabilities	**425 992**	**368 502**
Unutilised drawing rights	**177 562**	**54 502**

Group loan agreements
NRS refinanced long-term borrowings and entered into new Group loan agreements in 2010. Long-term liabilities under these agreements amount to NOK 225,000,000. The loan is interest-free until 2013 and then has a repayment profile equivalent to 20 years. The loan agreement matures in 2015, and the residual loan must be redeemed in full by 1 January 2015. The loan agreement covers all Group companies, except Nord Senja Laks AS which has its own loan agreement as described below.

The interest terms on the long-term loan is three-month NIBOR + 2 per cent margin. For the multi-currency credit facility, the rate is three-month NIBOR/EURIBOR/LIBOR + 2.40 per cent margin.

Nord Senja Laks AS
Nord Senja Laks AS had a credit facility as of 31 December 2010 of NOK 35,000,000. This facility was increased to NOK 50,000,000 as of 1 January 2011. The interest rate on the loan is three-month NIBOR + 2 per cent margin.

Nord Senja Laks AS also has two long-term loans with respective book values of NOK 3,964,000 and NOK 4,350,000 as of 31 December 2010. The interest rates are three-month NIBOR + 2.5 per cent margin and three-month NIBOR + 1.0 per cent margin respectively.

Leasing liabilities
The Group has entered into framework leasing agreements with two financial institutions for respectively NOK 30,000,000 and NOK 35,000,000. As of 31 December 2010 the book value of the company's leasing liabilities amounted to NOK 63,988,000. Interest on these leasing liabilities is between three-month NIBOR + 1.0–1.1 per cent margin.

Financial covenants
The Group's main loan terms (covenants) are based on standard ratios relating to solvency (equity) and earnings (NIBD/EBITDA). As of 31 December 2010, there is a requirement for an equity ratio of at least 35 per cent and a NIBD/EBITDA ratio not exceeding 5.5.

NOTE 22 CONT.

Foreign currency exposure in connection with company's interest-bearing liabilities at 31 December 2010:

(NOK 1 000)	NOK	EUR	USD	SEK	JPY	Other	Total
Long-term interest-bearing liabilities	282 482	0	0	0	0	0	282 482
Short-term interest-bearing liabilities	77 517	30 248	32 201	284	4 250	3 758	148 258
Total interest-bearing liabilities	**359 999**	**30 248**	**32 201**	**284**	**4 250**	**3 758**	**430 740**

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

Maturity structure of Group's interest-bearing liabilities:

(NOK 1 000)	31.12.2010	2011	2012	2013	2014	2015	After 2015
Long-term liabilities to financial institutions	233 314	4 360	2 510	12 510	11 434	202 500	0
Long-term finance leases	63 989	11 461	11 222	10 603	9 129	7 947	13 627
Other long-term liabilities	1 000	0	0	0	0	0	1 000
Other short-term interest-bearing liabilities	132 437	132 437	0	0	0	0	0
Total interest-bearing liabilities	**430 740**	**148 258**	**13 732**	**23 113**	**20 563**	**210 447**	**14 627**

NOTE 23 PLEDGES AND GUARANTEES ETC.

Reported liabilities secured by pledge:

(NOK 1 000)	31.12.2010	31.12.2009
Long-term liabilities to financial institutions	228 953	353 782
Long-term finance leases	52 528	13 004
Other secured liabilities	148 259	3 526
Total liabilities secured by pledges	**429 740**	**370 312**
Guarantee obligations and guarantor liabilities	5 620	1 318

The Group has also pledged a guarantee for Haugesund Sparebank in connection with liabilities assumed by one of the Group's associates. The guarantee liability has an upper limit of NOK 612,000.

Book value of assets pledged:

(NOK 1 000)	31.12.2010	31.12.2009
Concessions	498 287	397 543
Property, plant and equipment	113 937	59 068
Shares	148 189	114 134
Inventories and biological assets	401 194	265 756
Trade receivables	253 912	213 397
Other receivables	44 571	10 782
Total book value of mortgaged assets	**1 460 090**	**1 060 680**

NOTE 24 OTHER CURRENT LIABILITIES

Breakdown of other short-term liabilities:

(NOK 1 000)	31.12.2010	31.12.2009
Official taxes due	3 356	4 031
Liabilities in connection with the buyout of minority shareholders in AS Tri (for details see Note 3)	3 000	0
Other short-term liabilities and accruals	11 143	12 158
Total other short-term liabilities	**17 499**	**16 189**

NOTE 25 DERIVATIVES

As of 31 December 2010

(NOK 1 000)	Other short-term receivables	Other current liabilities
Forward currency contracts	3 339	0
Financial fish pool contracts	1 516	0
Total	**4 855**	**0**

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	5 785	18.1.11-15.06.11	8.169 - 8.217	1 867
Forward currency contracts – fair-value hedging	Sale	EUR	12 000	21.03.2011	7.981	1 472
Total forward currency contracts						**3 339**

Forward currency contracts
Forward currency contracts are recognised at fair value at the balance sheet date. As of 31 December 2010 forward currency contracts taken out totalled EUR 17,785,000. These futures contracts mature between 18 January 2011 and 15 June 2011, and are used to hedge cash flows expected to arise during this period and reduce foreign currency exposure on receivables. The fair value of derivatives as of 31 December 2010 was NOK 3,339,000 and are classified as other short-term receivables.

Financial fish pool contracts
Contracts have been signed to purchase 560 tonnes on the fish pool salmon exchange. The contract prices are in the range NOK 35.50–NOK 38.50 and cover the period from January to June 2011. The fair value of the fish pool contracts as of 31 December 2010 amounted to NOK 1,516,000 and are classified as other short-term receivables. The sales department enters into these contracts with the aim of safeguarding margins linked to deliveries under fixed-price contracts with customers.

As of 31 December 2009

(NOK 1 000)	Other short-term receivables	Other current liabilities
Forward currency contracts	249	0
Financial fish pool contracts	0	0
Total	**249**	**0**

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Salg	EUR	7 000	15.3.10-15.12.10	8,375 - 8,478	249

NOTE 26 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 and boats.

Breakdown of operating leases: (NOK 1 000)	**Lease term**	**Annual leasing charges**
Property lease Trondheim	31.03.2015	824
Property lease Kristiansand	Three months' notice	278
Property rental leases		716
Leases other equipment and boats		442
Annual operating lease costs		**2 260**

NOTE 27 FAIR-VALUE ADJUSTMENT

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. The item consists of:

Breakdown of fair-value adjustment:

(NOK 1 000)	**31.12.2010**	**31.12.2009**
Change in fair-value adjustment of biomass	24 823	43 573
Change in provision for onerous contracts	0	0
Change in unrealised gains/loss on financial fish pool contracts	1 516	0
Total fair-value adjustment	**26 339**	**43 573**

NOTE 28 RELATED PARTIES

Group transactions with related parties:

Goods and services purchased:

(NOK 1 000)	2010	2009
Associates – products purchased	177 797	170 529
Associates – services purchased	13 769	10 020
Associates – equipment hire	150	0
Enterprise controlled by board members – purchase of services	5 329	485
Total goods and services purchased from related parties	**197 045**	**181 034**

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 both from associates and companies owned by associates. Purchases of smolt are also made at market price.

The Group buys in harvesting services from two of its associates. Harvesting services are purchased at prevailing 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 Vice Chair Helge Gåsø. Administrative services are also purchased from the Vice Chair. These services are priced at market terms.

Trade payables due to services purchased:

(NOK 1 000)	2010	2009
Associates	33 020	38 942
Enterprises controlled by board members	0	0
Total services purchased from related parties	**33 020**	**38 942**

Sale of assets to minority shareholders in Nord Senja Laks AS
As part of the acquisition of Nord Senja Laks AS , all business, assets and liabilities not involved in the core business of salmon farming were sold to the newly incorporated company Nord Senja Fisk AS. Nord Senja Fisk AS is owned by the minority shareholders in Nord Senja Laks AS, who are also shareholders in Norway Royal Salmon ASA. Assets with a total value of NOK 4,018,000 were transferred, plus a liability of NOK 4,000,000. The net transferred value was NOK 18,000.

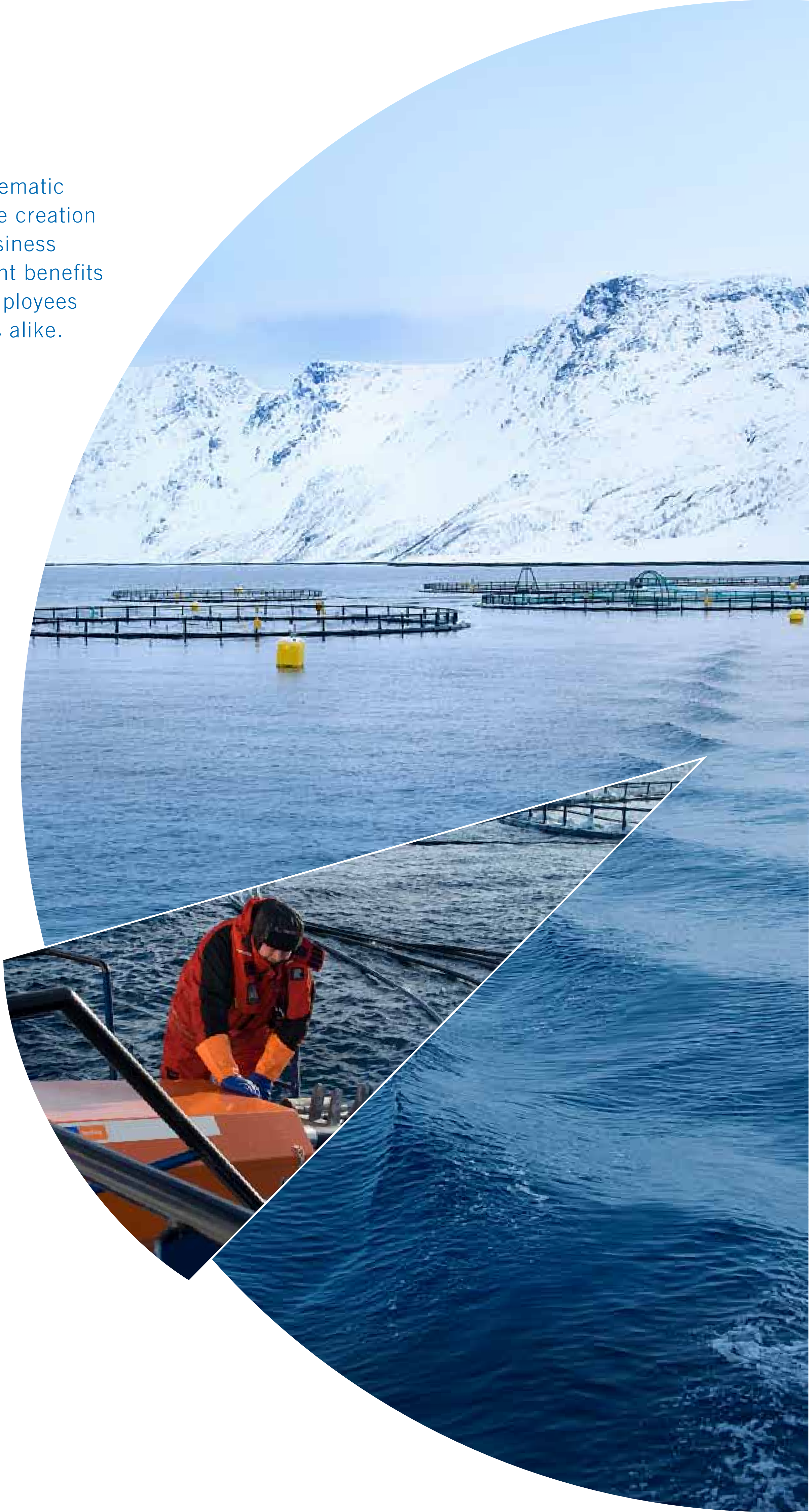
Sale of treasury shares:
The Group sold 243,289 treasury shares to its management this year. The shares were priced at NOK 11.00, which was the market price at the time of the transaction.

Loans to related parties:

(NOK 1 000)	2010	2009
Loans to Group management:		
Book value 1 January	252	245
Loans extended during the year:	0	0
Loans repaid during the year:	0	0
Interest added to loan	5	7
Book value 31 December	**257**	**252**

FINANCIAL STATEMENTS NORWAY ROYAL SALMON ASA

NRS takes a systematic approach to value creation to ensure the business provides important benefits to customers, employees and shareholders alike.



INCOME STATEMENT

(NOK 1 000)	Note	2010	2009
Sales revenues	2	1 984 442	1 580 705
Other operating revenue	13	7 066	6 288
Total sales revenues		**1 991 508**	**1 586 993**
Cost of goods sold	13	1 939 287	1 537 612
Payroll costs	3, 5	24 568	22 176
Depreciation of property, plant and equipment	6	399	154
Other operating costs	4	14 404	10 856
Total operating costs		**1 978 657**	**1 570 798**
Operating profit		**12 852**	**16 195**
Financial items			
Income from investments in associates and subsidiaries	7	86 793	13 916
Other interest income	13	5 791	2 613
Other financial income	13, 17	1 873	595
Other interest expenses		-11 894	-6 725
Other financial expenses		-139	-619
Net financial items		**82 424**	**9 781**
Profit before tax		**95 276**	**25 976**
Tax on ordinary profit	12	-2 663	-3 470
Net profit for the year		**92 613**	**22 505**
Allocations:			
Proposed dividend	11	35 000	5 430
Allocated to/(from) reserve for valuation variances	11	83 753	-1 461
Allocated to/(from) other equity	11	-26 139	18 536
Total allocations		**92 613**	**22 505**

BALANCE SHEET

Assets (NOK 1 000)	Note	**2010**	**2009**
Assets			
Non-current assets			
Intangible assets			
Deferred tax assets	12	1 559	2 493
Total intangible assets		**1 559**	**2 493**
Property, plant and equipment			
Fixtures & fittings, office equipment, etc.	6, 15	1 439	1 030
Total property, plant and equipment		**1 439**	**1 030**
Non-current financial assets			
Investments in subsidiaries	7,15	346 174	236 095
Loans to group companies	9, 13, 15	2 000	20 600
Investments in associates	7,15	104 797	95 687
Investments in other shares	8,15	7 419	7 419
Other non-current receivables	9,15	758	7 778
Total non-current financial assets		**461 148**	**367 579**
Total non-current assets		**464 146**	**371 102**
Current assets			
Inventory	10, 15	3 442	3 861
Total inventory		**3 442**	**3 861**
Receivables			
Trade receivables	13, 15	253 270	210 031
Other receivables	13, 15, 17	37 353	19 004
Total receivables		**290 623**	**229 036**
Bank deposits, cash and cash equivalents	16	104 565	1 281
Total current assets		**398 630**	**234 177**
Total assets		**862 776**	**605 279**

EQUITY AND LIABILITIES (NOK 1 000)	Note	2010	2009
Equity			
Paid-in capital			
Share capital	11	37 229	36 288
Treasury shares	11	0	-89
Share premium fund	11	15 525	151 339
Other paid-in equity	11	88	0
Total paid-in capital		**52 843**	**187 539**
Retained earnings			
Reserve for valuation variances	11	102 677	18 924
Other equity	11	177 928	52 451
Total retained earnings		**280 605**	**71 375**
Total equity		**333 448**	**258 914**
Liabilities			
Provisions			
Pension liabilities	5	7 719	8 130
Total provisions		**7 719**	**8 130**
Other non-current liabilities			
Debt to credit institutions	14, 15	225 000	105 315
Total other non-current liabilities		**225 000**	**105 315**
Current liabilities			
Debt to credit institutions	15	0	56 270
Trade payables	13	244 505	149 475
Public charges payable		2 093	1 713
Dividend	11	35 000	5 430
Other current liabilities	13	15 011	20 031
Total current liabilities		**296 609**	**232 920**
Total liabilities		**529 328**	**346 365**
Total equity and liabilities		**862 776**	**605 279**
Guarantee liabilities	15	**5 620**	**17 818**

Trondheim, 7 April 2011

Elbjørg Gui Standal
Chair

Helge Gåsø
Vice Chair

Endre Glastad

Inge Kristoffersen

Kristine Landmark

Åse Marie Valen Olsen

John Binde
Chief Executive Officer

CASH FLOW

(NOK 1 000)	Noter	2010	2009
Profit before tax		**95 276**	**25 976**
Tax paid during the period	12	0	0
Income from associates and subsidiaries	7	-86 793	-13 916
Depreciation/amortisation	6	399	154
Pension costs with no cash effect		-411	-87
Gains on the sale of non-current financial assets		0	-43
Change in inventories		419	7 876
Change in trade receivables		-43 239	-57 778
Change in trade payables		95 030	50 356
Change in other current assets and other liabilities		-7 602	-16 175
Net cash flow from operating activities		**53 079**	**-3 637**
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		0	455
Payments for purchase of property, plant and equipment	6	-808	-1 160
Proceeds from investments in non-current financial assets	7	3 863	3 308
Investments in associates		-17 077	0
Investments in subsidiaries		-14 020	-17 411
Change in loans to subsidiaries, associates and others		31 140	-19 164
Net cash flow from investing activities		**3 098**	**-33 972**
Cash flow from financing activities			
Receipts from new non-current borrowings		225 000	0
Non-current debt repayments		-105 315	-8 250
Net change in overdraft		-56 270	29 876
Purchase/sale of treasury shares		971	8
xxx		0	0
Group contribution paid		-11 849	0
Dividend payment		-5 430	-3 620
Net cash flow from financing activities		**47 107**	**18 014**
Net increase/ reduction in cash and cash equivalents		103 284	-19 595
Cash and cash equivalents 1 January		1 281	20 876
Cash and cash equivalents 31 December		**104 565**	**1 281**

NOTES TO THE FINANCIAL STATEMENTS 2010

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 falling due for payment 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 not expected to be of a temporary nature. 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 bulk 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.

Costs
Costs are generally recognised in the same period as the corresponding revenue to which they attach. In the event that there is no clear connection between expenses and revenues, the allocation is determined on the basis of an 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 on an ongoing basis during 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 presentation of forward currency contracts under Derivatives below.

Derivatives
Forward contracts that meet the requirements for hedge accounting (fair-value hedging) are capitalised at their fair value on the date the contract was signed. Changes in fair value are recognised in the income statement. Gains and losses on forward contracts that do not meet the requirements for hedge accounting are recognised in the income statement on the date they are realised. The impact on profit and loss of both types of forward contracts is classified under 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.

Derivatives that meet the requirements for hedge accounting are capitalised at fair value.

Property, plant and equipment
Property, plant and equipment are recognised in the balance sheet 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 the company's financial statements 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
When accounting for defined benefit pension plans the liability is charged as an expense over the vesting period in accordance with the plan's vesting formula. The allocation method corresponds to the plan's vesting formula unless the bulk of the accrued entitlements relate to towards the end of the vesting period. In such cases entitlements are allocated on a straight-line basis. For this reason entitlements are recognised on a straight-line basis in connection with pension schemes pursuant to the Norwegian Mandatory Occupational Pension Schemes Act.

Estimate deviations and the impact of changed assumptions are amortised over the expected remaining accrual period to the extent that these exceed 10 per cent of the greater of pension liability and pension assets (corridor). The impact of retroactively applicable changes in plans that are not conditional upon future employment is recognised in the income statement immediately. The impact of retroactively applicable changes in plans that are conditional upon future employment is distributed in a straight line over the period until the benefit is no longer conditional upon future employment.

Tax
The tax expense is matched to the accounting profit/loss 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)	2010	2009
Norway	97 155	58 984
EU	1 400 189	1 147 826
Other European countries	274 800	245 616
Asia	214 095	123 321
Rest of the world	5 269	4 958
Total operating revenues	**1 991 508**	**1 580 705**

NOTE 3 PERSONNEL COSTS AND BENEFITS

(NOK 1 000)	2010	2009
Salaries and fees	18 988	17 174
Employer's national insurance contributions	2 920	2 663
Pension costs – defined benefits scheme	2 323	2 127
Other benefits	337	212
Total salary and personnel costs	**24 568**	**22 176**
Average number of full-time-equivalents	**30**	**27**

For details of the salary and other benefits payable to the Board of Directors, CEO and other senior executives, see Note 5 to the consolidated financial statements.

NOTE 4 AUDITOR'S FEES

	Deloitte	
(NOK 1 000)	**2010**	**2009**
Total auditor's fees	171	185
Andre attestasjonstjenester	4	0
Skatterådgiving	3	0
Annen bistand	65	0
Sum revisjonshonorar	**243**	**185**

All auditing costs are exclusive of VAT. No fees have been charged directly to equity in connection with equity transactions.

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.

Pension costs:

(NOK 1 000)	2010	2009
Current service cost	2 353	2 153
Interest cost	936	845
Expected return on plan assets	-640	-598
Actuarial gains and losses	0	9
Employee contributions to the scheme	-325	-282
Net pension cost – defined benefit scheme	**2 323**	**2 127**

NOTE 5 CONT.

Assumptions	**2010**	**2009**
Discount rate	4.00 %	4.40 %
Expected return on plan assets	5.40 %	5.60 %
Future salary increases	4.00 %	4.25 %
Inflation rate	3.75 %	4.00 %
Future pension increase	1.30 %	1.30 %
Number of people covered by the scheme:		
In work	32	27
Pensioners	2	2
Total	34	29

Net pension liabilities:

(NOK 1 000)	**2010**	**2009**
Pension liabilities	24 518	20 521
Fair value of plan assets	-15 930	-13 775
Accrued employer's national insurance contributions	1 211	951
Unrecognised actuarial gains and losses	-2 079	433
Pension liability as of 31 December	**7 719**	**8 130**

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	Operating consumables, fixtures & fittings, office equipment and vehicles	
(NOK 1 000)	**2010**	**2009**
Acquisition cost 1 January	4 337	3 927
Additions	808	1 160
Disposals	0	-750
Acquisition cost 31 December	5 145	4 337
Accumulated depreciation 1 January	3 308	3 491
Depreciation for the year	399	154
Disposals	0	-337
Accumulated depreciation 31 December	3 706	3 308
Book value 31 December	**1 439**	**1 030**
Useful economic life	5-7 year	5-7 year
Depreciation method	Lineær	Lineær
Annual leasing cost of uncapitalised operating assets	1 168	857

NOTE 7 SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Consolidated	Registered office	Last acquisition date	Additional acquisitions in the year	Voting and shareholding	Book value
Nor Seafood AS	Yes	Torsken	10.08.2007		82.50 %	39 207
NRS Feøy AS	Yes	Feøy	10.10.2007		100.00 %	104 603
NRS Finnmark AS	Yes	Alta	01.08.2008		100.00 %	163 726
Nord Senja Laks AS	Yes	Botnhamn	22.09.2008	01.07.2010	66.67 %	38 638
Total investment in subsidiaries						**346 174**
Wilsgård Fikseoppdrett AS	No	Torsken	19.08.2008		37.50 %	35 913
Larssen Seafood AS	No	Nord-Solvær	07.07.2004		48.00 %	9 577
Måsøval Fishfarm AS	No	Frøya	03.01.2003		36.10 %	19 917
Hellesund Fiskeoppdrett AS	No	Høvåg	21.02.2004		33.50 %	21 848
Ranfjord Fiskeprodukter AS	No	Mo i Rana	01.10.2010	01.10.2010	27.65 %	15 389
Hardanger Fiskeforedling AS	No	Strandebarm	27.08.1998		31.10 %	1 046
Espevær Laks AS	No	Bømlo	10.02.2006		37.50 %	1 059
Other	No					48
Total investment in associates						**104 797**

Subsidiaries:

(NOK 1 000)	Nord Senja Laks AS	Nor Seafood AS	NRS Feøy AS	AS Brilliant Fiskeopp-drett	NRS Finnmark AS	AS Tri	Total
Acquisition cost	41 020	20 988	56 525	0	116 260	0	
Surplus value	24 473	14 045	18 162	0	77 824	0	
Opening balance 1 January 2010	0	25 375	50 467	20 942	78 728	60 583	236 095
Combination following merger/transfer of associates	23 521	0	20 942	-20 942	60 583	-60 583	23 521
Acquisition	14 640	0	0	0	0	0	14 640
Share of profit/loss for the year	-345	13 832	33 194	0	20 084	0	66 764
Equity adjustments and group contributions	822	0	0	0	4 331	0	5 153
Closing balance 31 December 2010	**38 638**	**39 207**	**104 603**	**0**	**163 726**	**0**	**346 174**

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

Nord Senja Laks AS
With effect from 1 July 2010 NRS acquired 16.25 per cent of the shares in Nord Senja Laks AS. Since NRS already owned 50 per cent of the company's shares, the purchase brought its total shareholding to 66.25 per cent. In October NRS acquired a further five shares in Nord Senja Laks AS. Following this latest purchase, NRS owns 66.67 per cent of the shares.

With effect from 1 July 2010 Nord Senja Laks AS became a subsidiary of NRS.

AS Tri – aquisition of non-controlling interests
In October 2010 an agreement was reached to acquire the non-controlling interests in AS Tri. NRS purchased a further 23.76 per cent of the shares in the company, bringing the total shareholding to 100 per cent.

NOTE 7 CONT.

The transaction was performed as a group merger with Altafjord Laks AS, with a cash settlement and compensatory shares in the parent company. A total of NOK 3,000,000 in cash and NOK 13,461,000 in parent company shares was paid. Following the merger AS Tri and Altafjord Laks AS now operate under the name NRS Finnmark AS. The company is wholly owned by NRS.

Merger – AS Brilliant Fiskeoppdrett and NRS Feøy AS
The two wholly owned subsidiaries AS Brilliant Fiskeoppdrett and NRS Feøy AS were merged in 2010. The business continued under the name NRS Feøy AS.

Associated companies:

(NOK 1 000)	Nord Senja Laks AS	Wilsgård Fiske-oppdrett AS	Larssen Seafood AS	Måsøval Fishfarm AS	Hellsund Fiske-oppdrett AS	Ranfjord Fiske-produkter AS	Other	Total
Acquistion cost		25 011	2 608	10 951	17 472	15 952	3 622	
Surplus value		17 205	1 353	7 699	11 807	11 161	0	
of which amortisable excess value / goodwill		0	0	0	0	10 161	0	
Excess value and goodwill as of 31 December 2010		17 205	1 353	7 699	11 807	10 822	0	
Opening balance 1 January 2010	21 688	30 325	7 039	15 205	21 379	0	50	95 686
Additions/disposals	-23 521	0	0	0	0	15 952	1 125	-6 444
Share of profit/loss for the year	1 833	5 585	3 463	7 601	520	-224	978	19 756
Amortisation of surplus values and goodwill during the period	0	0	0	0	0	-339	0	-339
Dividend	0	0	-924	-2 888	-50	0	0	-3 862
Closing balance 31 December 2010	**0**	**35 910**	**9 578**	**19 918**	**21 849**	**15 389**	**2 153**	**104 797**

Paid surplus 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 10,161,000 out of a total excess value of NOK 11,161,000 has been allocated to goodwill. Goodwill is amortised over 5 years.

In the fourth quarter 2010 NRS acquired 27.65 per cent of the smolt producer Ranfjord Fiskeprodukter AS. Following the investment, the company is defined as an associate of NRS.

Income from investment in associated	**2010**
Share of profit/loss for the year	19 756
Amortisation of surplus values and goodwill during the period	-339
Share of negative equity – reversal of previous provisions	612
Total revenue recognised	**20 029**

NOTE 8 SHARES IN OTHER COMPANIES

Non-current assets: (NOK 1 000)	Anskaffet	Eier andel	Bokført verdi
Fiskerinæringens Innkjøpslag AS			1
Aqua Gen AS		0.2 %	416
Lingalaks AS	05.12.2005	12.8 %	7 002
Total investment in other shares			**7 419**

NOTE 9 RECEIVABLES FALLING DUE FOR PAYMENT IN MORE THAN ONE YEAR

(NOK 1 000)	2010	2009
Loans to group companies	2 000	20 600
Other receivables	500	7 526
Loans to employees	258	252
Total receivables with payment due in more than one year	**2 758**	**28 378**

NOTE 10 INVENTORY

(NOK 1 000)	2010	2009
Finished goods	3 442	3 861
Total inventory	**3 442**	**3 861**

NOTE 11 SHARE CAPITAL AND SHAREHOLDERS

Share capital as of 31 Dec 2010 comprises the following classes of share:	**Number of shares**	**Nominal value**	**Book value**
Ordinary shares	37 229 198	1.00	37 229 198

Norway Royal Salmon ASA had 173 shareholders as of 31 December 2010. All shares afford the same rights in the company.
The board has proposed payment of a dividend totalling NOK 35,000,000. The proposed dividend is recognised as a liability as of 31 December 2010.
For details of the largest shareholders and shares owned by board members, the CEO and other senior executives, see Note 20 to the consolidated financial statements.

(NOK 1 000)	**Share capital**	**Treasury shares**	**Share premium fund**	**Other paid-in equity**	**Reserve for valuation variances**	**Other equity**	**Total**
Equity as of 31 December 2009	36 288	-88	151 339	0	18 924	52 451	258 914
Change in the year:							
Net profit/loss for the year	0	0	0	0	83 753	8 861	92 613
Proposed dividend	0	0	0	0	0	-35 000	-35 000
Share issues – net of transaction costs	941	0	14 186	0	0	0	15 127
Write-down of share premium fund	0	0	-150 000	0	0	150 000	0
Purchase and sale of treasury shares	0	88	0	88	0	795	971
Equity transactions in the company recognised in accordance with the equity method	0	0	0	0	0	822	822
Equity as of 31 December 2010	37 229	0	15 525	88	102 677	177 928	333 448

Norway Royal Salmon ASA sold 88,313 treasury shares at a price of NOK 11.00 each in 2010. All the shares were sold to the company's management at the market price on the date the transaction took place. As of 31 December 2010 the company owned no treasury shares.

NOTE 12 TAX

(NOK 1 000)	2010	2009
Tax payable	1 684	3 318
Change in deferred tax	979	153
Tax related to profit for the year	**2 663**	**3 470**

Tax payable in the balance sheet:

(NOK 1 000)	31.12.2010	31.12.2009
Tax payable	1 684	3 318
Tax on group contributions	-1 684	-3 318
Tax payable	0	0

Specification of deferred tax and basis for deferred tax:

(NOK 1 000)	31.12.2010	31.12.2009
Property, plant and equipment	-135	-133
Inventories	500	500
Trade receivables	582	-205
Pensions	7 719	8 130
Other temporary differences	-3 097	612
Basis for deferred tax	5 569	8 904
Deferred tax assets	1 559	2 493
Deferred tax on items recognised directly in equity	**45**	**0**

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2010	2009
Profit before tax	95 276	25 976
28% tax on profit before tax	26 677	7 273
28% tax on permanent differences	72	94
Income from associated with the equity method and gains on shares	-24 131	-3 897
Tax effect of items recognised directly in equity	45	0
Tax related to profit for the year	**2 663**	**3 470**
Effective tax rate	**2,8 %**	**13,4 %**

NOTE 13 INTRA-GROUP TRANSACTIONS AND BALANCES

Intra-group balances:

(NOK 1 000)	Non-current receivables 2010	Non-current receivables 2009	Trade receivables 2010	Trade receivables 2009	Other current receivables 2010	Other current receivables 2009
Group companies	2 000	20 600	3	0	16 461	7 540
Associated companies	0	0	172	132	0	0
Total	**2 000**	**20 600**	**175**	**132**	**16 461**	**7 540**

(NOK 1 000)	Trade payables 2010	Trade payables 2009	Other current liabilities 2010	Other current liabilities 2009
Group companies	52 349	12 151	6 016	11 849
Associated companies	30 933	36 368	0	0
Total	**83 282**	**48 519**	**6 016**	**11 849**

Other current liabilities to group companies comprise, in their entirety, group contributions paid.

Transactions with group companies:

(NOK 1 000)	2010	2009
Other operating revenues	670	0
Cost of goods sold	364 777	176 196
Other interest income	1 522	950
Other financial income	1 463	0

During the period NRS took to income NOK 1,463,000 in respect of a liability it took over in connection with the acquisition of AS Brilliant Fiskeoppdrett in 2009. At the time of the acquisition the liability was taken over at an amount lower than nominal value. The receivable was repaid at nominal value in 2010 and the difference recognised as other financial income in NRS's financial statements.

NOTE 14 LONG-TERM LIABILITIES

Liabilities falling due for payment more than five years after the end of the financial year:

(NOK 1 000)	2010	2009
Debt to credit institutions	0	14 814
Total	**0**	**14 814**

Instalment profile – debt to credit institutions:

(NOK 1 000)	2011	2012	2013	2014	2015	Totalt
Debt to credit institutions	0	0	11 250	11 250	202 500	225 000
Total	**0**	**0**	**11 250**	**11 250**	**202 500**	**225 000**

NRS refinanced its long-term debt in 2010, and a new group borrowing agreement was entered into. Long-term debt associated with this agreement total NOK 225,000,000. The loan is interest-only until 2013, and is thereafter repayable in instalments corresponding to a 20-year repayment period. The borrowing agreement expires in 2015 and the residue of the loan shall be repaid in its entirety on 1 January 2015.

Interest on the long-term debt is specified at 3-month NIBOR + 2% margin. Interest on the multi-currency credit line is at 3-month NIBOR/EURIBOR/LIBOR + 2.40% margin.

The company's loan covenants are based on standard ratios for solidity (equity) and earnings (net interest-bearing debt/EBITDA). As of 31 December 2010 the requirement is for an equity ratio of at least 35 per cent and NIBD/EBITDA ratio not exceeding 5.5. The requirement is based on the consolidated financial statements.

NOTE 15 ASSETS PLEDGED AS SECURITIES, GUARANTEES, ETC.

Capitalised secured liabilities

(NOK 1 000)	31.12.2010	31.12.2009
Long-term debt to credit institutions	225 000	105 315
Short-term debt to credit institutions	0	56 270
Total secured liabilities	**225 000**	**161 585**

Book value of assets pledged as security

(NOK 1 000)	31.12.2010	31.12.2009
Shares	458 390	339 201
Property, plant and equipment	1 439	1 030
Inventories	3 442	3 861
Trade receivables	253 270	210 031
Other receivables	40 111	47 382
Cash and bank deposits	0	0
Total secured liabilities	**756 652**	**601 505**
Guarantee liabilities	**5 620**	**17 818**

In addition to the above-mentioned guarantees, the company had the following liabilities as of 31 December 2010:

1) Norway Royal Salmon ASA has given guarantees to credit institutions with respect to some of its subsidiaries' leasing liabilities. As of 31 December 2010 the total recognised leasing liabilities for which NRS has pledged security amounted to NOK 60,575,000.
2) Norway Royal Salmon ASA has given guarantees to certain of its subsidiaries' feed suppliers with respect to feed purchases. Recognised liabilities for which guarantees have been given as of 31 December 2010 amounted to NOK 36,647,000.
3) Furthermore, Norway Royal Salmon ASA has joint and several liability up to a maximum of NOK 500,000,000 for a group overdraft arrangement.

NOTE 16 LIQUIDITY

As of 31 December 2010 the company had restricted deposits of NOK 4,125,000. The funds have been pledged as security for the company's trading activities on Fish-pool.

NOTE 17 DERIVATIVES

Forward currency contracts

1) Forward currency contracts – fair-value hedging

The change in fair value of forward contracts qualifying as fair-value hedging instruments is recognised in the income statement as a financial item. Fair value as of 31 December 2010 is classified as other current receivables.

31 Dec 2010 (NOK 1 000)	Type	Currency	Amount	Period	Exchange rate interval	Fair value
Forward currency contracts – fair-value hedging	Sale	EUR	12 000	21.03.2011	7.981	1 472

2) Forward currency contracts – cash-flow hedging

Forward contracts intended to hedge future cash flows are not recognised in the income statement until realisation. The fair value of these contracts is therefore not recognised as of 31 December 2010.

31 Dec 2010 (NOK 1 000)	Type	Currency	Amount	Period	Exchange rate interval	Fair value
Forward currency contracts – cash-flow hedging	Sale	EUR	5 785	18.01.11-15.06.11	8.169 - 8.217	1 867

31 Dec 2009 (NOK 1 000)	Type	Currency	Amount	Period	Exchange rate interval	Fair value
Forward currency contracts – cash-flow hedging	Sale	EUR	7 000	15.03.10-15.12.10	8.375 - 8.478	249

Financial Fish Pool contracts

The contracts are entered into by Sales for the purpose of hedging margins associated with deliveries at fixed prices.
The purchase of 560 tonnes on the Fish Pool salmon exchange has been agreed. The agreed prices vary between NOK 35.50 and NOK 38.50 and are valid for the period January to June 2011. Gains or losses on contracts are recognised in the income statement on the date of realisation. The fair value of unrealised Fish Pool contracts as of 31 December 2010 was NOK 1,516,000. NRS had no corresponding contracts as of 31 December 2009.

NOTE 18 FINANCIAL RISK

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

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the annual report and the financial statements for Norway Royal Salmon ASA and the Norway Royal Salmon group for the year ended as of 31 December 2010.

It is the considered opinion of the Board of Directors and the Chief Executive Officer that the financial statements for the group and the parent company for the period 1 January to 31 December 2010 have been prepared in accordance with applicable financial accounting standards, and that the information presented in the financial statements provides a true and fair view of the assets, liabilities, financial position and profit or loss as a whole as of 31 December 2010 for the group and the parent company.

It is the considered opinion of the Board of Directors and the Chief Executive Officer that the annual report provides a true and fair view of the development, performance and position of the group and the parent company in 2010, and describes the most important risk factors and uncertainties facing the group and the parent company.

Trondheim, 7 April 2011

Elbjørg Gui Standal
Chair

Helge Gåsø
Vice Chair

Endre Glastad

Inge Kristoffersen

Kristine Landmark

Åse Marie Valen Olsen

John Binde
Chief Executive Officer

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Translation from the original Norwegian version

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 for the parent company and the financial statements for the group. The financial statements for the parent company comprise the balance sheets as at 31. December 2010, 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 for the group comprise the consolidated balance sheets as at 31. December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, consolidated cash flow statement 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 is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as The Board of Directors and the Managing Director determines 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.

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

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company give a true and fair view of the financial position of Norway Royal Salmon ASA as at 31. December 2010, and of 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 for the group

In our opinion, the financial statements of the group give a true and fair view of the financial position of the group Norway Royal Salmon ASA as at 31. December 2010, and of 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 allocation of the profit

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 concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit complies with the law and regulations and that the information is consistent with the financial statements.

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 the company's 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, 7th of April 2011
Deloitte AS

Karl O. Sanderød
State Authorised Public Accountant (Norway)

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