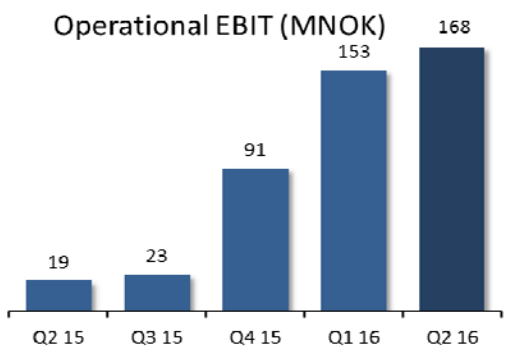
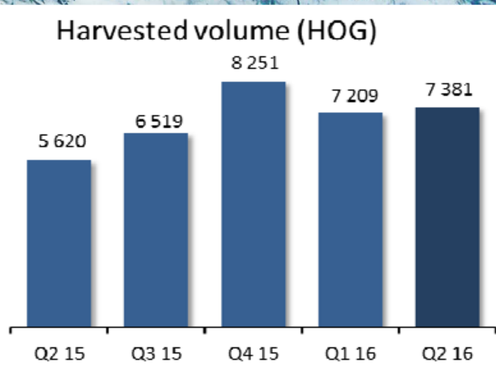
Interim Report

Q2-16





INTERIM REPORT
Q2 2016

HIGHLIGHTS Q2 2016

- Operational EBIT of NOK 168 million, the highest in the history of NRS
  - Operational EBIT before contracts per kg of NOK 32.79 in Region North
  - Operational EBIT before contracts per kg of NOK 13.69 in Region South
  - Non-recurring item of NOK 8.0 million, due to the culling of fish at a smolt site with desmoltification
- Harvested volume increased with 31 per cent and sold volume decreased with 3 per cent compared with the corresponding period last year
- Result before tax and fair value adjustments of NOK 225 million
- Positive operational cash flow of NOK 263 million
  - Net interest bearing debt reduced to NOK 147 million after distribution of dividend of NOK 112 million
- Strong salmon market driven by good demand and low supply growth
  - High salmon price in the quarter
  - Expect low long-term global supply growth, which continue to provide good price expectations

NORWAY ROYAL SALMON - KEY FIGURES (NOK '000)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Operating revenues	994 967	684 370	1 933 750	1 444 436	3 210 548
Operational EBITDA	183 332	31 946	351 317	113 485	255 591
Operational EBIT	168 499	19 080	321 630	88 396	201 894
Income from associates	30 489	4 748	45 910	-2 243	22 754
EBIT	111 955	21 340	283 147	-41 022	249 065
EBT	138 187	20 893	391 478	-59 248	270 081
EPS (NOK) – before fair value adjustments	4,18	0,45	8,90	1,09	4,99
ROCE [1]			34,4 %	10,6 %	15,4 %
Net cash flow from operating activities	263 447	69 611	466 175	129 828	340 196
Investments in tangible fixed assets/licences	32 553	38 191	39 556	42 973	212 750
Net interest-bearing debt			146 852	625 244	498 541
Equity ratio			48,2 %	38,5 %	41,3 %
Volume harvested (HOG)	7 381	5 620	14 589	13 133	27 903
Operational EBIT per kg [2]	25,33	4,83	25,44	7,97	9,64
Volume sold - Sales	15 561	16 121	31 435	33 080	69 971

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

2) Operational EBIT for segments incl margin from sales

FINANCIAL PERFORMANCE

(Figures in brackets = 2015, unless otherwise specified)

Revenues and results

Norway Royal Salmon posted operating revenues of NOK 995.0 million (NOK 684.4 million) in the second quarter of 2016, an increase of 45 per cent from the corresponding prior-year period. The Group achieved the highest operational EBIT in the history of NRS of NOK 168.5 million (NOK 19.1 million), an increase of NOK 149.4 million. The increase in revenues is due to higher prices. The increase in operational EBIT is due to higher prices and higher harvested volume. In connection with the culling of desmoltified fish at NRS Finnmark AS, operational EBIT has been reduced with a non-recurring item of NOK 8.0 million. The non-recurring item has not been allocated to the segments. The Group recognised a negative fair value adjustments of NOK -87.0 million (NOK -2.5 million), a decrease of NOK 84.5 million.

The farming business harvested 7 381 tonnes (5 620 tonnes) gutted weight in the quarter, an increase of 31 per cent from the corresponding quarter last year. Including allocated margins from sales, Farming achieved an operational EBIT per kg of NOK 25.33 (NOK 4.83). The increase is due to higher prices. The Sales business sold 15 561 tonnes (16 121 tonnes), a decrease of 3 per cent.

Financial items and share of profit from associates

Result from associates totalled NOK 30.5 million (NOK 4.8 million) in the second quarter. NRS' share of fair value adjustments of the biomass after tax amounted to NOK 4.5 million (NOK 3.0 million). Associated farming companies harvested 1 049 tonnes, 469 tonnes more than last year. NRS share of the above figure amounts to 388 tonnes, an increase of 178 tonnes. Wilsgård Fiskeoppdrett AS sold its shares in NRS in the quarter. NRS' share of the gain of the sale amounted to NOK 16.9 million.

A gain of NOK 30.7 million (NOK 5.4 million) on TRS agreements on own shares was posted in the quarter. Net interest expenses for the period were NOK 4.1 million (NOK 5.6 million), a decrease of NOK 1.5 million because of lower interest bearing debt in the period.

Balance sheet

At the end of the reporting period, total assets amounted to NOK 2 836 million, a decrease of NOK 143 million from the prior quarter end. The change in total assets is attributable to a number of factors. Bank deposits decreased by NOK 227.2 million. Fair value adjustments of the biomass decreased by NOK 24.6 million, while inventories and biomass at cost decreased by NOK 0.2 million. The net decrease in inventories and biological assets was NOK 24.8 million. Fixed assets had a net increase of NOK 16.9 million. Financial assets increased with NOK 28.5 million. The Group's receivables increased by NOK 63.2 million.

The Group's net interest-bearing debt decreased by NOK 124.7 million, from NOK 271.5 million at the end of the previous quarter to NOK 146.9 million as of 30 June 2016. The decrease was attributable to an operational EBITDA of NOK 183.3 million, decreased working capital of NOK 85.9 million, a realised gain on TRS-agreements of NOK 15.0 million and received dividends from associated companies of NOK 2.0 million. Investments in fixed assets of NOK 32.6 million and payment of dividend of NOK 111.8 million had the opposite effect on the net interest-bearing debt. At the end of the quarter, the Group had an unused long-term credit facility of NOK 350 million and NOK million 400 in unused overdraft.

As of 30 June, the Group's equity totalled NOK 1 368 million, an increase of NOK 4 million from the end of the previous quarter. The increase is attributable to a total comprehensive income of NOK 127.9 million, while paid dividend of NOK 111.8 million reduced equity. At the end of the quarter, the equity ratio was 48.2 per cent.

Statement of cash flow

The Group's operating activities generated a positive cash flow of NOK 263.4 million during the quarter, which represents an increase of NOK 193.8 million compared with the corresponding prior-year quarter. The positive cash flow is attributable to an operational EBITDA of NOK 183.3 million, an increase in accounts payables of NOK 101.4 million, a reduction in inventories at cost of NOK 0.2 million and an increase in other short-term liabilities of NOK 18.5 million. In addition, the cash settlement on forward contracts generated a cash inflow of NOK 0.8 million. An increase in accounts receivables of NOK 32.3 million had an adverse effect on the cash flow.

Net cash outflows in connection with investing activities in the second quarter amounted to NOK 14.8 million (NOK 32.3 million), and is related to payments of NOK 32.6 million for investments in fixed assets. A gain on the realisation of TRS-agreements of NOK 15.0 and received dividends from an associated company of NOK 2.0 million had a positive effect on the cash flow.

The net cash outflow from financing activities totalled NOK 475.9 million (NOK 39.4 million) in the second quarter. Interests paid and instalments amounted to NOK 4.7 million and NOK 11.6 million respectively. Leasing liabilities rose by NOK 9.8 million. As a result of the Group's good liquidity the company has chosen to reduce the long-term credit facility with NOK 350 million. The Group still have the opportunity to draw from this credit facility. Dividend of NOK 111.8 million was paid in the quarter.

SEGMENT INFORMATION

The Group is organised into two business areas; Farming and Sales. The performance of the two business areas is monitored with the overall objective of maximising Operational EBIT per kg and margins.

The Farming business is divided into two geographical segments; Region North and Region South. Norway Royal Salmon monitors overall value creation from operations based on the salmon's source of origin. Consequently, external reporting focuses on measuring the overall profitability of the harvested volume based on source of origin (Operational EBIT/kg). For this reason, the contribution from the sales operations is allocated to Region North and Region South based on the volume harvested in the respective segments.

The Group owns 35 licences for the production of farmed salmon, divided between 29 licences in Region North, located in Troms and western Finnmark, and 6 licences in Region South, located in the area around Haugesund.

The business posted sales revenues of NOK 994.2 million in the second quarter (NOK 681.1 million), an increase of 46 per cent. The spot price (NASDAQ) for superior quality during the quarter was NOK 63.89 per kg gutted weight, an increase of 9 per cent from the first quarter of 2016 and an increase of 69 per cent compared with the second quarter of 2015. The sales operations experienced a reduction in sales volumes of 3 per cent compared with the corresponding prior-year period. 15 561 tonnes (16 121 tonnes) were sold in the second quarter. The Sales business achieved an operational EBIT before open fixed-price contracts of NOK 8.3 million (NOK 4.8 million), which equates to NOK 0.54 (NOK 0.30) per kg sold volume in the period. The loss on open fixed-price contracts was NOK 18.5 million (NOK 0.0) in the quarter.

The Farming operations harvested 7 381 tonnes (5 620 tonnes) gutted weight in the second quarter, an increase of 31 per cent from the corresponding period last year. The estimated harvest volume for 2016 is 27 000 tonnes gutted weight. 10.3 million smolts are planned released in 2016.

REGION NORTH

Operational EBIT came in at NOK 165.6 million (NOK 20.9 million), an increase of NOK 144.7 million compared with the same quarter last year. Operational EBIT (ex contracts) per kg amounted to NOK 32.79 (NOK 5.68). Loss on fixed-price contracts of NOK 2.51 per kg contributed to an operational EBIT per kg of NOK 30.28 (NOK 5.68).

5 468 tonnes (3 675 tonnes) were harvested in the region in the second quarter, an increase of 49 per cent. The achieved price for the Farming operations was NOK 27.45 per kg higher than in the corresponding period last year.

Production costs for harvested fish was NOK 0.89 higher than in the first quarter of 2016 and NOK 0.62 higher than in the corresponding period last year. The quality of the harvested fish has been good. Region North achieved approximately expected growth in the quarter. The sea lice situation is good in the region.

The estimated harvest volume for 2016 is 22 000 tonnes gutted weight. 8.6 million smolts are planned released in 2016.

KEY FIGURES (NOK '000)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Operating revenues	736 566	445 404	1 582 646	1 079 407	2 607 395
Operational EBITDA	177 421	30 880	362 601	104 281	286 009
Operational EBIT	165 601	20 882	338 917	84 999	244 110
Investment in tangible and intangible assets	33 737	38 331	36 840	42 677	113 339
Volume harvested (tonnes)	5 468	3 675	11 969	9 958	22 971
Operational EBIT per kg (ex contracts)	32,79	5,68	30,07	8,54	10,63
Loss on open fixed price contracts	-2,51	0,00	-1,76	0,00	0,00
Operational EBIT per kg	30,28	5,68	28,32	8,54	10,63

REGION SOUTH

Operational EBIT came in at NOK 21.4 million (NOK 6.3 million), an increase of NOK 15.1 million. Operational EBIT (ex contracts) per kg amounted to NOK 13.69 (NOK 3.23). Loss on fixed-price contracts of NOK 2.51 per kg contributed to an operational EBIT per kg of NOK 11.18 (NOK 3.23)

1 912 tonnes (1 945 tonnes) were harvested in the region in the second quarter, a decrease of 2 per cent from the corresponding prior-year period. The Farming operations achieved a price of NOK 26.90 per kg higher than in the corresponding prior-year period.

The production costs for harvested fish is NOK 5.14 per kg higher than in the first quarter of 2016 and NOK 16.72 higher than in the corresponding period last year. Biological challenges and unsatisfactory operations at harvested the sites, has resulted in high production costs in the quarter. Lower, but still high production cost of harvested fish is expected in the next quarter. Region South achieved lower than expected growth in the quarter. Organisational and operational changes have been done in the regions to improve production in the future, as well as a change of smolt suppliers from 2017 with focus on larger smolts.

Estimated harvest volume for 2016 is 5 000 tonnes gutted weight. 1.7 million smolts are planned released in 2016.

KEY FIGURES (NOK '000)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Operating revenues	257 602	235 663	349 708	359 031	568 585
Operational EBITDA	24 390	9 142	38 180	25 385	36 655
Operational EBIT	21 377	6 282	32 178	19 616	24 933
Investment in tangible and intangible assets	18	699	299	886	7 909
Volume harvested (tonnes)	1 912	1 945	2 620	3 175	4 932
Operational EBIT per kg	13,69	3,23	14,42	6,18	5,05
Loss on open fixed price contracts	-2,51	0,00	-2,14	0,00	0,00
Net operational EBIT per kg	11,18	3,23	12,28	6,18	5,05

SHARES

As of 30 June 2016 Norway Royal Salmon ASA had 43 572 191 shares, allocated among 1 713 shareholders, an increase of 402 from the end of the previous quarter. At the end of the quarter, the group had 98 279 treasury shares. The share price increased from NOK 109.50 at the end of March 2016 to NOK 122.50 at the end of June 2016. 9 859 248 shares were traded during the quarter.

EVENTS IN OR SUBSEQUENT TO THE QUARTER

Annual general meeting

The annual general meeting was held in Trondheim on 26 May.

The general meeting granted the board of directors authority to acquire treasury shares by up to a total of 4,357,219 shares, each with a nominal value of NOK 1, which equals 10 per cent of the company's share capital. The authority remains in force until the ordinary general meeting in 2017, however no later than 30 June 2017.

The general meeting granted the board of directors authority to increase the Company's share capital by up to NOK 4,357,219. The authority remains in force until the ordinary general meeting in 2017, however no later than 30 June 2017.

Lars Måsøval was elected as a new director instead of Endre Glastad. The other board members were re-elected by the general meeting.

The general meeting resolved to distribute a dividend of NOK 2.60 per share. The dividend was distributed by a cash dividend of NOK 1.30 and distribution of shares in NRS from the company's treasury shares.

Contractual rights and TRS agreements for own shares

During the second quarter Norway Royal Salmon has extended TRS (Total Return Swap) agreements and used its contractual right to purchase of shares in connection with TRS agreements. The shares purchased have mainly been distributed as dividend shares or sold in connection with the Group's shared based incentive scheme. After these transactions Norway Royal Salmon owns or has a contractual right to 2 452 970 shares, which equates 5.63 per cent of the company's share capital.

Sickness absence

At 3.9 per cent, the Group's sickness absence rate decreased by 1.2 per cent from the previous quarter. The long-term absenteeism represents a substantial part of the absence.

Culled fish at a smolt site in Region North

The Kokelv site, which belongs to the subsidiary NRS Finnmark AS received desmoltified fish as part of this year's smolt release. As a result, the fish in two cages were culled. The incident resulted in a one-off cost in the second quarter of 2016 of NOK 8.0 million.

Verdict against Nord Senja Laks AS

The Hålogaland Appeal Court passed a sentence on May 25, 2016 in the criminal case against Nord Senja Laks AS. Nord Senja Laks AS is a wholly owned subsidiary of Norway Royal Salmon ASA. The verdict is the same as Senja District court passed regarding the items which were appealed, and the summary of the verdict is the following; Nord Senja Laks AS is sentenced to pay a fine of NOK 5.0 million. Nord Senja Laks AS is not sentenced to loss of rights. Consequently, the verdict has no effect on the licenses held by Nord Senja Laks AS and future operations. On the 8 June 2016, Økokrim filed a notice of appeal regarding the fine and decision not to sentence Nord Senja Laks AS to loss of rights. Including legal costs the verdict results in a non-recurring cost recognized in the third quarter of 2015 of NOK 6.3 million.

New site approved in the Kobbefjorden area in Finnmark

The farming operations in Finnmark have received approval for a new site in Måsøy municipality in Western Finnmark with a MAB of 3 600 tonnes. The site is located in the Kobbefjorden area. With the new site, NRS Finnmark will have a new operational area, which improve the opportunities for generation separation and further growth in Finnmark.

Production of triploid salmon

NRS was awarded nine green licenses in December 2014. One of the conditions of these licenses is the production of sterile salmon. NRS has chosen to use triploid salmon as sterile salmon.

NRS had challenges in getting approval for the release of the planned numbers triploid salmon to sea in 2016. Production of triploid salmon needs to have an exemption from the Aquaculture Operation Regulations (Akvakulturdriftsforskriften). The Norwegian Food Safety Authority (FSA) grant such exemptions.

20 May 2016 the Norwegian Food Safety Authority (FSA) in the Northern Region declined NRS' applications for exemption to produce triploid salmon to be released to the sea in 2016. NRS appealed the FSA's refusal to the Ministry of Trade, Industry and Fisheries. The Ministry of Trade, Industry and Fisheries considered the appeal quickly and ruled in favour of NRS Finnmark. Later Nor Seafood and Nord Senja Laks were given exemption to produce triploid salmon. The decision means that NRS can release, as planned, smolts in 2016 using the green licenses belonging to the company.

SUMMARY OF EVENTS YEAR TO DATE IN 2016

The Group posted sales of NOK 1 933.8 million (NOK 1 444.4 million) in the first half of 2016, an increase of 33.9 per cent against the corresponding prior-year period. During the same period the Group posted an operational EBIT of NOK 321.6 million (NOK 88.4 million). 14 589 tonnes were harvested in the first half of 2016, compared with 13 133 tonnes in the corresponding prior-year period. The group had a positive operational cash-flow of NOK 466.2 million (NOK 129.8 million) in the first half of 2016. At the end of the second quarter the Group had an equity ratio of 48.2 per cent (38.5 per cent). The Group has reduced its net interest bearing debt by NOK 351.6 million in the first half of 2016 to NOK 146.9 million. A dividend of NOK 111.8 million was distributed in the first half of 2016.

Region North harvested 11 969 tonnes (9 958 tonnes) in the first half of 2016, and posted an EBIT per kg of NOK 28.32 (NOK 8.54). Region South harvested 2 620 tonnes (3 175 tonnes) in the first half of 2016, and posted an EBIT per kg of NOK 12.28 (NOK 6.18). The Sales business sold 31 345 tonnes (33 080 tonnes) in the first half of 2016.

Norway Royal Salmon has not identified any additional risk exposure beyond the risks described in the 2015 annual report. Norway Royal Salmon is exposed to the salmon price. Reference is made to the Outlook section of this report, for other comments to NRS's risk exposure. In the first half of 2016, Norway Royal Salmon purchased wellboat services totalling KNOK 5 252 from companies controlled by the company's chair Helge Gåsø. In addition, has smolts from Nordland Akva AS, which is controlled by one of the largest shareholders of NRS, Egil Kristoffersen og Sønner AS, been purchased for KNOK 5 734. These services and smolts were priced at market rates. Otherwise, no material transactions with related parties have been undertaken during the first six months of 2016, reference is made to the Note 6 of this report for further information regarding related parties

MARKET CONDITIONS

The total value of salmon exported from Norway in the second quarter was NOK 14.5 billion. This is the highest export value in a quarter ever and an increase of 3.8 billion from the second quarter of 2015. This represents an increase of 35 per cent. Exported volumes from Norway was 7.4 per cent lower than last year, which means the increase in value was due to significantly higher prices. Spot price (NASDAQ) in the second quarter of 2016 was NOK 63.89 per kg superior quality salmon (delivered Oslo). This is the highest spot price recorded in a quarter in the past 20 years. In the same period last year, the spot price NOK 37.90. The sharp rise is largely driven by higher prices in local currency in addition to a weaker Norwegian krone. In EUR, the prices of Norwegian salmon increased by 55 per cent from EUR 4.43 per kg last year to EUR 6.85 per kg this year. Lower volume combined with good underlying market development for Norwegian salmon in most markets has contributed greatly to the high prices of salmon in the second quarter.

Although import of Norwegian salmon decreased by 7.8 per cent in the quarter, the demand from EU has been good. The decline is in line with the general decline in volume and signals thus good underlying demand as the prices are clearly higher than last year. Although the availability of volume decreased and prices increased significantly, there are some markets where volumes are relatively stable, such as Poland, the Netherlands, Germany, Italy and Belgium. Poland is the biggest market for Norwegian salmon with a market share of 17 per cent, closely followed by France with 15 per cent.

Eastern Europe has had a clear decline in imports of Norwegian salmon in recent quarters and compared to last year the volumes fell by 45 per cent in the second quarter. The main reason for the in volume reduction is lower exports to Belarus, Turkey and Kazakhstan. The volumes to Ukraine have experienced a strong decline over time, but in the first half of 2016, the volume levelled out, admittedly from a low level. Eastern Europe had a market share of Norwegian salmon at 2 per cent in the second quarter.

Demand for Norwegian Salmon in Asia has had a good development for a long time, but because of lower supply and high prices, imports of Norwegian salmon to Asia fell by 2 per cent in the second quarter. South-East Asia had stable imports; Japan had a slight increase, while the Middle East had a slowdown in growth. The decline in the Middle East is mainly due to a reduction of exports to Israel, which is probably due to the high prices of salmon. Even with the existing trade issues with China, we believe the underlying demand for salmon in the region is good. Asia has a market share of Norwegian salmon at 15.5 per cent.

Demand for salmon in North America continue the positive trend from last year and earlier this year. Imports of Norwegian salmon increased by 8 per cent compared to the same period last year, driven by strong demand in for Norwegian salmon in the US. Weaker NOK against USD and trade barriers in Russia and China, provides opportunities for Norwegian salmon in this region. North America represents 5.5 per cent of Norwegian salmon exports.

The NRS' Sales operations had good profitability in the quarter and significantly better than the second quarter last year. A good price achievement and better margins have contributed positively to the profitability of the sales operations. 87 per cent of the harvested fish were sold in the spot market in the second quarter, while 13 per cent was sold at fixed prices. The fixed price contracts resulted in a loss of NOK 18.5 million compared to the level of spot prices. Total sales volumes were better than expected in the second quarter, but was 3.5 per cent lower than in the same quarter last year. Even with slightly lower total sales volumes, NRS had a growth of 7 per cent in the second quarter in Western Europe. The markets in Asia/USA had a reduction of 19 per cent in the second quarter. Price and lower average weight form Norway and NRS have contributed to a shift of volume from Asia/USA to Western Europe in the first half of 2016. The export to Eastern Europe from NRS continues to fall and fell by 57 per cent in the second quarter compared with the same period last year. In the second quarter, Asia accounted for 18 per cent of the export volumes from NRS, while the USA accounted for 1 per cent. The share to Western Europe was 78 per cent and 4 per cent to Eastern Europe. Domestic volume amounts to 13 per cent of the total sold volume.

OUTLOOK

Harvested volume for the quarter was 7 381 tonnes, 500 tonnes more than what was estimated at the end of the last quarter. The estimated volume for 2016 is 27 000 tonnes, a reduction of 500 tonnes from previous estimates. As a result of lower growth, estimated harvest volume decreased by 1 000 tonnes in Region South. Estimated harvest volume in Region North increased by 500 tonnes. The farming operations has hedged prices for 2 049 tonnes of the volume for the third quarter and 1 804 tonnes for the fourth quarter of 2016.

In the second quarter, the supply of salmon to the global market was lower than the year before and export volumes from Norway decreased by 7.4 per cent. This contributed to a significant price increase for salmon. For 2016, a decrease in volume between 2 and 5 per cent from Norway and between 5 and 7 per cent globally is expected. The expected reduction from Chile is around 20 per cent in 2016. Early expectations for 2017 indicate a growth from 2016 between 1 and 4 per cent. A continued low supply growth and good work in the markets provides the basis for a positive market outlook for the industry. The high price of salmon in recent months create uncertainty in the short term in some markets, although the underlying demand is perceived as good in most markets we trade.

NRS was awarded 10 licenses in 2014. This gives a possibility for 40 per cent organic growth and a more sustainable production for NRS. The company has a strong focus on exploiting the growth potential. NRS has now received approval for releasing the planned number of triploid salmon to the sea. Overall smolt releases for 2016 is estimated at 10.3 million smolts. Given the market outlook in the coming years, with low supply growth, NRS expect that the new licenses will contribute positively to the Group's results. NRS is satisfied that the farming operations primarily are located in Troms and Finnmark, where there are good conditions for the production of salmon at low production costs.

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We confirm, to the best of our knowledge, that the financial report for the first half of 2016 has been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by EU, and gives a true and fair view of the Group's assets, liabilities, financial position and profits and loss for the period.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Trondheim, 23 August 2016

Helge Gåsø Chair	Kristine Landmark Vice Chair	Marianne E. Johnsen
Inge Kristoffersen	Lars Måsøval	Trude Olafsen
Charles Høstlund CEO		

INTERIM REPORT

INCOME STATEMENT

(NOK '000)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Operating revenues	**994 967**	**684 370**	**1 933 750**	**1 444 436**	**3 210 548**
Cost of goods sold	746 015	596 905	1 453 205	1 223 418	2 707 071
Salaries	29 921	22 738	70 031	50 442	113 268
Depreciation	14 833	12 865	29 686	25 089	53 697
Other operating costs	35 700	32 781	59 198	57 091	134 618
Operational EBIT	**168 499**	**19 080**	**321 630**	**88 396**	**201 894**
Fair value adjustments	-87 033	-2 488	-84 394	-127 175	24 416
Income from associates	30 489	4 748	45 910	-2 243	22 754
EBIT	**111 955**	**21 340**	**283 147**	**-41 022**	**249 065**
Gain/loss on financial assets	30 709	5 375	117 994	-5 268	45 200
Other net financial items	-4 476	-5 822	-9 662	-12 958	-24 184
EBT	**138 187**	**20 893**	**391 478**	**-59 248**	**270 081**
Tax	-19 259	-2 917	-56 905	13 960	-32 498
Net profit/loss	**118 928**	**17 976**	**334 573**	**-45 288**	**237 582**
Profit attributable to:					
Parent company shareholders	117 602	16 808	326 521	-45 864	229 633
Minority interests	1 326	1 169	8 052	576	7 950
Earnings per share (NOK)	2,70	0,39	7,51	-1,05	5,28
Earnings per share - diluted	2,70	0,39	7,51	-1,05	5,28

EXTENDED INCOME STATEMENT

(NOK '000)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Net profit/loss	**118 928**	17 976	334 573	-45 288	237 582
Items to be reclassified to profit or loss:					
Cash Flow hedges (net)	9 020	4 248	40 236	2 499	-362
Items not to be reclassified to profit or loss:					
Actuarial gains on defined benefit plans (net)	0	0	0	0	4 749
Total comprehensive income	**127 949**	**22 224**	**374 809**	**-42 789**	**241 970**
Total comprehensive income attributable to:					
Parent company shareholders	126 622	21 056	366 757	-43 366	234 020
Minority interests	1 326	1 169	8 052	576	7 950

BALANCE SHEET

(NOK '000)	30.06.2016	31.03.2016	31.12.2015	30.06.2015
Intangible assets	648 887	648 887	648 887	648 887
Property, plant and equipment	367 008	350 098	357 948	307 867
Non-current financial assets	234 283	205 806	190 385	150 312
Non-current assets	**1 250 179**	**1 204 792**	**1 197 221**	**1 107 066**
Inventory and biological assets	796 469	821 234	870 559	705 010
Receivables	601 130	537 938	601 126	447 804
Bank deposits, cash	188 587	415 792	201 339	82 005
Current assets	**1 586 186**	**1 774 964**	**1 673 024**	**1 234 819**
TOTAL ASSETS	**2 836 365**	**2 979 756**	**2 870 245**	**2 341 885**
Share capital	43 474	43 557	43 502	43 502
Other equity	1 299 836	1 297 191	1 070 287	792 041
Non-controlling interests	24 381	23 054	72 730	65 357
Equity	**1 367 691**	**1 363 803**	**1 186 519**	**900 900**
Pensions	12 480	12 480	12 480	18 733
Deferred tax	370 409	350 230	303 485	259 669
Provisions	**382 888**	**362 709**	**315 965**	**278 402**
Long-term interest-bearing debt	**290 038**	**642 241**	**653 361**	**619 531**
Short-term interest-bearing debt	45 401	45 065	46 519	87 718
Trade payables	469 223	367 836	530 430	362 078
Tax payable	5 764	4 450	3 180	74
Other current liabilities	275 360	193 650	134 271	93 183
Current liabilities	**795 748**	**611 002**	**714 400**	**543 053**
TOTAL EQUITY AND LIABILITIES	**2 836 365**	**2 979 756**	**2 870 245**	**2 341 885**

STATEMENT OF EQUITY

30.06.2016 (NOK '000)	Equity allocated to parent company shareholders: Share capital	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 01.01.2016	43 572	-71	1 070 288	1 113 791	72 731	1 186 519
Total comprehensive income	**0**	**0**	**366 757**	**366 757**	**8 052**	**374 809**
Transactions with shareholders						
Dividend	0	0	-111 773	-111 773	0	-111 773
Share based payment	0	0	-11 081	-11 081	0	-11 081
Purchase/sale of treasury shares	0	-27	-1 492	-1 519	0	-1 519
Purchase minority interest	0	0	-13 598	-13 598	-56 402	-70 000
Other changes	0	0	737	737	0	737
Total transactions with shareholders	**0**	**-27**	**-137 207**	**-137 235**	**-56 402**	**-193 637**
Equity at 30.06.2016	**43 572**	**-98**	**1 299 838**	**1 343 314**	**24 381**	**1 367 691**

30.06.2015 (NOK '000)	Equity allocated to parent company shareholders: Share capital	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 01.01.2015	43 572	-34	905 587	949 126	64 781	1 013 907
Comprehensive income	**0**	**0**	**-43 366**	**-43 366**	**576**	**-42 789**
Transactions with shareholders						
Dividend	0	0	-65 353	-65 353	0	-65 353
Share based payment	0	0	-2 108	-2 108	0	-2 108
Purchase/sale of treasury shares	0	-37	-2 552	-2 589	0	-2 589
Other changes	0	0	-165	-165	0	-165
Total transactions with shareholders	**0**	**-37**	**-70 179**	**-70 216**	**0**	**-70 216**
Equity at 30.06.2015	**43 572**	**-71**	**792 043**	**835 546**	**65 356**	**900 900**

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

STATEMENT OF CASH FLOW

(NOK '000)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Operational EBIT	**168 499**	**19 080**	**321 630**	**88 396**	**201 894**
Adjusted for:					
Tax paid	0	0	0	-2 031	-2 031
Depreciation	14 833	12 865	29 686	25 089	53 697
Gains (-)/ losses (+) on disposal of non-current assets	10	1	10	1	-1
Share based payment	-5 476	23	-11 081	-2 108	-1 249
Pension costs with no cash effect	0	0	0	0	78
Change in inventory / biomass	197	-32 185	74 592	33 514	-24 423
Change in debtors and creditors	69 077	94 399	-31 508	28 099	25 101
Change in other current assets and other liabilities	16 307	-24 573	82 845	-41 132	87 130
Net cash flow from operating activities	**263 447**	**69 611**	**466 175**	**129 828**	**340 196**
Cash flow from investing activities					
Proceeds from sale of property, plant and equipment	800	67	800	67	157
Payments for purchase of PPE and licenses	-32 553	-38 191	-39 556	-132 973	-212 750
Proceeds from investments in non-current financial assets	16 999	4 054	117 696	98 749	127 999
Payments for investments in non-current financial assets	0	0	0	-2 641	-4 641
Payments for acquisition of minority interest in subsidiary	0	0	-70 000	0	0
Change in loans to associates and others	0	1 800	0	1 800	-18 200
Net cash flow from investing activities	**-14 754**	**-32 270**	**8 940**	**-34 998**	**-107 435**
Cash flow from financing activities					
Receipts from new long-term debt	9 781	21 614	9 781	122 809	185 259
Long-term debt repayments	-361 649	-10 173	-374 222	-19 701	-43 681
Net change in overdraft	0	25 125	0	-96 736	-142 576
Sale and purchase of treasury shares	-7 548	-4 433	-1 519	-2 589	-2 589
Interest paid	-4 709	-6 185	-10 133	-12 750	-23 976
Dividend payment	-111 773	-65 353	-111 773	-65 353	-65 353
Net cash flow from financing activities	**-475 898**	**-39 405**	**-487 866**	**-74 320**	**-92 916**
Net increase (+)/ decrease (-) in cash & cash equivalents	-227 206	-2 065	-12 752	20 511	139 845
Cash and cash equivalents - opening balance	415 792	84 069	201 339	61 494	61 494
Cash and cash equivalents - closing balance	**188 587**	**82 005**	**188 587**	**82 005**	**201 339**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting principles

These condensed, consolidated interim financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRSs) and such interpretations as are determined by the EU and published by the International Accounting Standards Board, including the interim reporting standard (IAS 34). The interim financial statements do not include all the information required of an annual financial report and must therefore be read in conjunction with the consolidated financial statements for the 2015 financial year.

The condensed consolidated interim financial statements have not been audited. As a result of rounding differences, numbers or percentages may not add up to the total.

The consolidated financial statements for the Group for the year 2015 are available upon request from the company's head office at Ferjemannsveien 10, Trondheim or at www.norwayroyalsalmon.com.

The Group's accounting principles in this interim report are the same as described in the annual financial report for 2015 with the exception of standards and interpretations referred to in note 1 of the annual financial report for 2015. None of these standards or interpretations have affected the consolidated financial statements for 2016.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: Segment information

Operating segments are identified based on the reporting used by Group management to assess performance and profitability at a strategic level. The Group management is defined as the chief operating decision-makers.

The Group's business areas are divided into the Sales and Fish farming. The Sales segment includes the purchase and sale of salmon. The fish farming business includes salmon farming and harvesting activities. The fish farming business is divided into two regions: Region North, which consists of the fish farming business in Troms and West Finnmark; and Region South, which consists of the fish farming business in the area around Haugesund. Transactions between the segments are made at market terms. Group management reviews monthly reports in connection with the segments. Performance is evaluated based on operating results (EBIT) per segment.

	Sales		Region North		Region South		Eliminations/other		Total	
(NOK '000)	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015
Total sales revenues	994 168	681 058	336 162	125 040	119 241	68 944	799	3 304	1 450 370	878 346
Internal sales revenues	0	0	336 162	125 033	119 241	68 943	0	0	455 403	193 976
External sales revenues	994 168	681 058	0	7	0	1	799	3 304	994 967	684 370
Operational EBIT	-10 196	4 776	173 155	17 759	24 019	4 629	-18 479	-8 084	168 499	19 080
Fair value adjustments	-62 465	6 475	-5 261	2 833	-19 307	-11 796	0	0	-87 033	-2 488
Income from associates	0	0	0	0	0	0	30 489	4 748	30 489	4 748
EBIT	-72 661	11 252	167 894	20 592	4 712	-7 167	12 010	-3 336	111 955	21 340
EBT	-72 955	-9 600	167 106	17 552	3 240	-8 856	40 796	21 797	138 187	20 893
Volume harvested (HOG)			5 468	3 675	1 912	1 945			7 381	5 620
Operational EBIT per kg			31,67	4,83	12,56	2,38			26,72	3,98
Volume sold	15 561	16 121							15 561	16 121
Operational EBIT per kg	-0,66	0,30							-0,66	0,30
- of which loss on open fixed-price contracts per kg.	-1,19	0,00							-1,19	0,00

	Sales		Region North		Region South		Eliminations/other		Total	
(NOK '000)	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015	YTD 2016	YTD 2015
Total sales revenues	1 932 354	1 434 119	693 399	355 366	161 201	116 770	1 396	6 269	2 788 350	1 912 524
Internal sales revenues	0	0	693 399	351 318	161 201	116 769	0	0	854 600	468 088
External sales revenues	1 932 354	1 434 119	0	4 048	0	1	1 396	6 269	1 933 750	1 444 436
Operational EBIT	-5 677	17 214	342 396	71 476	34 376	15 925	-49 465	-16 219	321 630	88 396
Fair value adjustments	-84 897	-16 756	8 759	-81 076	-8 256	-29 343	0	0	-84 394	-127 175
Income from associates	0	0	0	0	0	0	45 910	-2 243	45 910	-2 243
EBIT	-90 574	458	351 155	-9 600	26 120	-13 418	-3 555	-18 462	283 147	-41 022
EBT	-91 041	64	348 518	-15 985	23 046	-16 810	110 955	-26 517	391 478	-59 248
Volume harvested (HOG)			11 969	9 958	2 620	3 175			14 589	13 133
Operational EBIT per kg			28,61	7,18	13,12	5,02			25,83	6,65
Volume sold	31 435	33 080							31 435	33 080
Operational EBIT per kg	-0,18	0,52							-0,18	0,52
- of which loss on open fixed-price contracts per kg.	-0,85	0,00							-0,85	0,00

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass

In accordance with IAS 41, the biomass is recognised at fair value. Adjustments to the fair value of the biomass are presented on a separate line in the income statement. When estimating the biomass at fair value the best estimate of fair value for fish less than 1 kg is assumed to be accumulated cost, while for fish between 1 and 4 kg a proportionate share of full value is recognised. Harvestable fish (above 4 kg) is valued at full value. An expected fair value below the expected cost would imply a negative value adjustment of biological assets with the entire estimated loss. Market prices based on externally quoted forward prices from Fish Pool (see table below), for the period when the fish are expected to be harvested are used when calculating the fair value. Sales prices are adjusted for sales costs and harvesting costs and costs of transportation to Oslo. The estimated quality distribution of the fish is also taken into account when estimating the value. Price is set per site and weighted in relation to the expected harvesting period of the fish.

Book value of inventory:

(NOK '000)	30.06.2016	31.03.2016	30.06.2015	31.12.2015
Raw materials	29 306	16 057	16 418	27 034
Biological assets (biomass)	743 821	791 315	672 443	829 928
Finished goods	23 342	13 862	16 150	13 596
Total inventory	**796 469**	**821 234**	**705 010**	**870 559**

Specification of the biomass:

(NOK '000)	30.06.2016	31.03.2016	30.06.2015	31.12.2015
Biomass at cost	545 924	568 850	582 660	632 534
Fair value adjustments of the biomass	197 897	222 465	89 783	197 394
Book value of the biomass	**743 821**	**791 315**	**672 443**	**829 928**

Specification of biological assets - tonnes	Q2 2016	Q1 2016	Q2 2015	FY 2015
Opening balance biological assets	18 585	22 407	20 166	23 537
Increase due fish put in the sea	572	39	420	865
Increase due to production in the period	5 408	5 333	5 766	33 614
Reduction due to mortality in the period	-686	-516	-376	-1 637
Reduction due to harvesting in the period	-8 811	-8 585	-6 690	-33 258
Non-recurring items and sold biomass	-42	-93	0	-714
Closing balance biological assets	**15 025**	**18 584**	**19 285**	**22 407**

Specification of changes in book value of biological assets:

(NOK '000)	Q2 2016	Q1 2016	Q2 2015	FY 2015
Biological assets as of 1 January	791 315	829 928	647 579	808 674
Increase due to production in the period	215 881	140 953	186 039	853 256
Extraordinary event at cost	-8 000	-11 158	0	-25 000
Reduction due to harvesting in the period	-230 807	-193 479	-152 211	-804 194
Fair value adjustments of the biological assets	-24 568	25 071	-8 964	-2 808
Fair value adj. of the biological assets due to extraordinary event	0	0	0	0
Biological assets as of 31 December	**743 821**	**791 315**	**672 443**	**829 928**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass cont.

Groups of biological assets, status pr 30.06.2016	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	5 804	2 740	207 978	0	207 978
1-4 kg	3 077	5 730	193 675	59 095	252 770
Larger than 4 kg	1 176	6 555	144 272	138 802	283 074
Biological assets	**10 058**	**15 025**	**545 925**	**197 897**	**743 821**

Groups of biological assets, status pr 31.03.2016	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	3 419	1 684	118 041	0	118 041
1-4 kg	3 120	6 224	198 940	50 024	248 964
Larger than 4 kg	2 284	10 676	245 219	172 441	417 659
Biological assets	**8 823**	**18 585**	**562 200**	**222 465**	**784 664**

Groups of biological assets, status pr 30.06.2015	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	3 900	814	72 089	0	72 089
1-4 kg	7 259	13 291	401 797	60 031	461 829
Larger than 4 kg	1 059	5 180	108 775	29 751	138 526
Biological assets	**12 218**	**19 285**	**582 661**	**89 782**	**672 443**

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

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

30.06.2016	NOK/kg	31.03.2016	NOK/kg	30.06.2015	NOK/kg	31.12.2015	NOK/kg
Q3 16	59,00	Q2 16	57,50	Q3 15	37,93	Q1 16	51,80
Q4 16	61,00	Q3 16	51,00	Q4 15	40,90	Q2 16	47,50
Q1 17	60,40	Q4 16	52,00	Q1 16	42,65	Q3 16	44,10
Q2 17	59,78	Q1 17	54,00	Q2 16	41,93	Q4 16	44,60
Q3+Q4 17	60,00	Q2 17	52,00	Q3+Q4 16	39,42	Q1 + Q2 17	49,65

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: Extraordinary events

Extraordinary events	Q2 2016 Cost	Q2 2016 Fair value adjustments	Q2 2016 Fair value	Q2 2015 Cost	Q2 2015 Fair value adjustments	Q2 2015 Fair value
Destruction of desmoltified fish NRS Finnmark AS [1]	8 000	0	8 000	0	0	0
Biological assets	**8 000**	**0**	**8 000**	**0**	**0**	**0**

Extraordinary events	YTD 2016 Cost	YTD 2016 Fair value adjustments	YTD 2016 Fair value	YTD 2015 Cost	YTD 2015 Fair value adjustments	YTD 2015 Fair value
Destruction of fish with winter wounds Nor Seafood AS [1]	11 186	0	11 186	0	0	0
Destruction of desmoltified fish NRS Finnmark AS [1]	8 000	0	8 000	0	0	0
Biological assets	**19 186**	**0**	**19 186**	**0**	**0**	**0**

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

1) Fish less than 1 kg. The best estimate of fair value is cost.
In addition, a fine of MNOK 6,3 to Nord Senja Laks was recognised as a extraordinary event in the Q3 2015. This do not affect biological assets.

NOTE 5: Fair value adjustments

Fair value adjustments which are a part of the Group's EBIT, is presented on a separate line in order to give a better understanding of the Group's operating profit from goods sold. The item consists of:

(NOK '000)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
Change in fair value adjustments of the biomass	-24 568	-8 963	503	-110 419	-2 808
Change in provision for onerous sales contracts	-63 240	0	-119 353	5 526	-22 241
Change in unrealised gains/losses on financial fish pool contracts	775	6 475	34 456	-22 282	49 465
Total fair value adjustments	**-87 033**	**-2 488**	**-84 394**	**-127 175**	**24 416**

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

(NOK '000)	30.06.2016	31.03.2016	31.12.2015	30.06.2015
Fair value adjustments biomass (inventory and biological assets)	197 897	222 465	197 394	89 783
Provision for onerous sales contracts (other current liabilities)	-147 120	-83 880	-27 767	0
Fair value of financial fish pool contracts (other receivables/other current liabilities)	96 742	95 968	62 286	-9 461
Net fair value adjustments in the balance sheet	**147 519**	**234 553**	**231 913**	**80 322**

NOTE 6: Transactions with related parties

The Norway Royal Salmon Group undertakes transactions under ordinary terms and conditions with associates and fish farmers who are also NRS shareholders. This applies to the purchase of fish from fish-farming companies, as well as the purchase of harvesting services from two of the Group's associates. Smolts are also purchased from associated companies.

Wellboat services with a total value of KNOK 9 267 were purchased from enterprises controlled by the company's Chair Helge Gåsø in 2015. Services for TNOK 1 631 were purchased in Q4 2015. These services were priced at the market rate. I addition, has smolts from Nordland Akva AS, which is controlled by one of the largest shareholders of NRS, Egil Kristoffersen og Sønner AS, been purchased for KNOK 5 734 in 2016. Smolts for TNOK 5 734 were purchased in Q2 2016.

Share-based incentive schemes

A new bonus programme based on synthetic options was introduced for the Group's management in 2014. The bonus programme gives entitlement to a cash bonus based on the NRS average share price over a period prior to respectively 29 March 2014 and 24 June 2014. Bonuses are calculated 12, 24 and 36 months after these dates, and the bonus programme includes an obligation to invest the net bonus after tax in Norway Royal Salmon ASA (NRS) shares at the market price on the relevant date. Shares purchased in accordance with the bonus programme will be subject to a 12-month lock-up period. All bonus payments are conditional on full-time employment in the company. The bonus is calculated based on the increase in value of the share in NRS from 29 March 2014 and 24 June 2014, and in relation to price increases during the period on the number of shares covered by the programme. After the execution of 150 000 options in Q2 2016, the scheme covers 370 000 shares allocated to the Group's management at the end of the year. In the second quarter of 2016 costs relating to the option scheme was recognised in the income statement in the amount of KNOK 3 522.

For further details of transactions with related parties, please see the description in the annual report.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: Investments in associates

(NOK '000)	Shareholding	Book value 01.01.2016	Share of profit/loss in the period after tax	Other changes	Book value 30.06.2016	Share of volume harvested - tonnes HOG 30.06.2016*
Wilsgård Fiskeoppdrett AS	37,50 %	64 733	26 668	0	**91 401**	732
Måsøval Fishfarm AS	36,10 %	16 731	4 950	0	**21 682**	216
Hellesund Fiskeoppdrett AS	33,50 %	51 995	12 570	-2 012	**62 553**	272
Hardanger Fiskeforedling AS	31,10 %	8 542	4	0	**8 546**	
Espevær Laks AS	33,33 %	2 222	832	0	**3 054**	
Ranfjord Fiskeprodukter AS	37,75 %	20 689	886	0	**21 575**	
Skardalen Settefisk AS	30,00 %	5 032	0	0	**5 032**	
Other		48	0	0	**48**	
Total associates 30.06.2016		**169 993**	**45 910**	**-2 012**	**213 889**	**1 220**
Total associates 30.06.2015		**150 155**	**-2 244**	**1 505**	**149 417**	**1 391**

* The harvested volume comprises NRS's share of the harvested volume of associates
The Group's associates own a combined total of ten licences.

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

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

	Shareholding	Number of shares	Cost	Fair value	Fair value adjustment	NRS' share of fair value adjustment
Måsøval Fishfarm AS	36,10 %	252 520	783	30 934	30 151	10 885
Hellesund Fiskeoppdrett AS	33,50 %	1 620 380	13 190	198 497	185 306	62 078
Total		**1 872 900**	**13 973**	**229 430**	**215 457**	**72 962**

Note 8 Interest rate swap

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

(NOK '000)

Currency	Amount	NRS pays	NRS receives	Maturity	Market value 31.03.2016	Market value 30.06.2016	Change in market value Q2 2016
NOK	100 000	Fixed 3,37%	3 M NIBOR	07.09.2016	-1 236	-602	634

Note 9 Treasury shares and TRS agreements

As at 30 June the company holds 98 279 treasury shares, corresponding to 0.23 % of the share capital of the company. Norway Royal Salmon ASA's total underlying exposures through TRS agreements is at 30 June 2 354 691 shares, representing 5.40 % of the share capital of the company. TRS agreements are recorded at fair value and changes in fair value are recognized as financial items in the income statement. The company realised previously entered TRS agreements in the period. Gain on realisation amounted to KNOK 14 987 and is posted as a financial item (gain on financial assets) in the income statement.

(NOK '000)	No. of shares	Exercise Price	Maturity	Market value 31.03.2016	Market value 30.06.2016	Change in market value Q2 2016
TRS 1	567 038	75,9631	26.05.2016	19 104	0	-19 104
TRS 2	2 354 691	106,8371	15.09.2016	4 242	39 022	34 780
Sum				**23 346**	**39 022**	**15 676**

NOTE 10: Loans to credit institutions

The Group's main borrowing covenants is one requiring an equity ratio of at least 30 per cent and another requiring that the short-term credit facility shall not exceed 75 per cent of the carrying value of inventory and accounts receivables. At the end of the second quarter 2016 the Group is in compliance with the terms of its loan agreements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: Shareholders

Ownership structure – the 20 largest shareholders as at 30.06.2016:

Shareholder	No. of shares	Shareholding
GÅSØ NÆRINGSUTVIKLING AS	6 632 835	15,22 %
GLASTAD INVEST AS	5 768 862	13,24 %
MÅSØVAL EIENDOM AS	5 111 933	11,73 %
EGIL KRISTOFFERSEN OG SØNNER AS	4 679 382	10,74 %
SPAREBANK 1 MARKETS AS	4 052 700	9,30 %
HAVBRUKSINVEST AS	3 706 873	8,51 %
HELLESUND FISKEOPPDRETT A/S	1 620 380	3,72 %
LOVUNDLAKS AS	1 051 205	2,41 %
NYHAMN AS	1 012 457	2,32 %
STATE STREET BANK AND TRUST CO.	683 188	1,57 %
HOLTA INVEST AS	344 368	0,79 %
HENDEN FISKEINDUSTRI AS	283 808	0,65 %
MÅSØVAL FISHFARM AS	252 520	0,58 %
STATE STREET BANK AND TRUST CO.	246 773	0,57 %
MP PENSJON PK	237 952	0,55 %
OLA LOE	186 092	0,43 %
MSIP EQUITY	162 265	0,37 %
JP MORGAN CHASE BANK, NA	156 014	0,36 %
STATE STREET BANK AND TRUST CO.	149 295	0,34 %
JPMORGAN CHASE BANK, N.A., LONDON	136 731	0,31 %
Total 20 largest shareholders	**36 475 633**	**83,71 %**
Total other shareholders	7 096 558	16,29 %
Total no. of shares	**43 572 191**	**100,00 %**