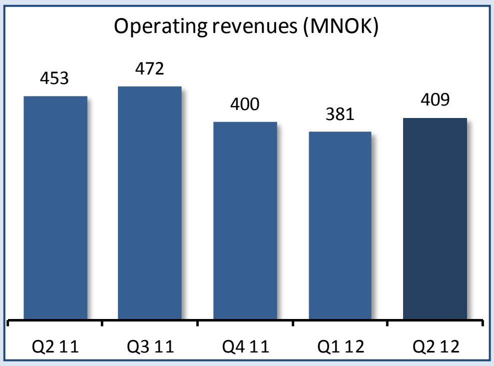
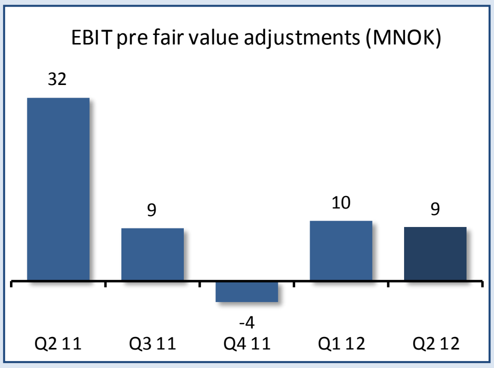
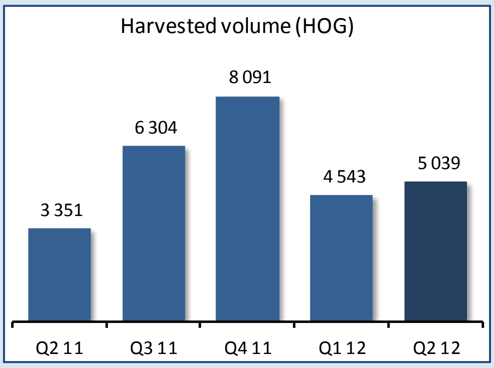
Interim Report

Q2-12







HIGHLIGHTS Q2 2012

- Continued strong consumption growth.
  - Export from Norway increased by 26.2 per cent.
- The market price (NOS) increased by NOK 1.00 per kg from the first quarter.
  - The market price was NOK 9.44 per kg lower than in the corresponding quarter last year.
- Good biological status.
- Harvested volume increased by 50 per cent and sold volume increased by 18 per cent from the corresponding period last year.
- EBIT before fair value adjustments of NOK 9.3 million.
  - EBIT per kg NOK 2.67.
- Continued strong equity ratio above 40 per cent.

NORWAY ROYAL SALMON - KEY FIGURES (NOK '000)	**Q2 2012**	**Q2 2011**	**YTD 2012**	**YTD 2011**	**Year 2011**
Operating revenues	409 088	452 890	789 639	862 088	1 734 022
EBITDA	16 644	37 699	34 319	50 750	70 800
Operating result before fair value adjustments	9 271	31 648	19 665	39 173	44 757
EBIT	17 175	-51 253	30 347	-19 296	-25 870
Income from associates	1 161	-5 383	7 307	-2 531	-1 689
EBT	9 059	-62 682	20 396	-11 361	-17 166
EPS (NOK) – before fair value adjustments	0,03	0,20	0,19	0,92	1,25
ROACE [1]			2,7 %	9,7 %	5,1 %
Net cash flow from operating activities	-3 737	2 154	45 926	457	-25 781
Investments in tangible fixed assets and intangible assets	10 531	33 750	16 350	60 124	94 403
Net interest-bearing debt			477 659	480 674	531 734
Equity ratio			40,4 %	36,3 %	36,3 %
Volume harvested (HOG)	5 039	3 351	9 582	4 386	18 781
EBIT per kg (pre fair value adjustments) [2]	2,67	10,74	2,94	11,54	3,45
Volume sold	13 243	11 244	26 060	20 769	50 428

1)ROACE: Return on average capital employed based on 12-months rolling EBIT aligned for fair value adjustments / average (NIBD + Equity - Financial assets)
2) EBIT pre fair value adjustments for segments incl margin from sales

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FINANCIAL PERFORMANCE

Revenues and performance

The Group's consolidated operating revenues in the second quarter totalled NOK 409.1 million, compared with NOK 452.9 million in the same quarter in 2011, a decrease of 9.7 per cent. The Group posted an operating profit before fair value adjustments of NOK 9.3 million in the second quarter, compared with a profit of NOK 31.6 million in the corresponding period last year, which equals an decrease of NOK 22.3 million. The reduction in revenues and operating profit is due to lower market prices of 26 per cent compared with the corresponding period last year. The group recognised fair value adjustments of NOK 7.9 million in the second quarter compared with NOK -82.9 in the same quarter last year, an increase of NOK 90.8 million.

The farming business harvested a total of 5,039 tons gutted weight in the second quarter, an increase of 50 per cent compared with the 3,351 tons harvested in the second quarter last year. The farming business including allocated margins from sales achieved an EBIT per kg before fair value adjustments of NOK 2.67, compared with NOK 10.74 the previous year. The sales business sold 13,243 tons in the period, compared with 11,244 tons in the same quarter previous year, an increase of 18 per cent.

Financial items and share of profit of associates

Income from associates was a profit of NOK 1.2 million in the second quarter, compared with a loss of NOK 5.4 million in the corresponding period last year. NRS's share of fair value adjustments of the biomass after tax in the quarter was close to zero in the period. Associated farming companies harvested a total of 1.413 tons in the second quarter, 10 tons less than in the corresponding quarter last year. NRS's share of the above figure amounts to 523 tons, an increase of 3 tons against the second quarter of 2011.

Other net financial expenses in the second quarter totalled NOK 9.3 million, compared with NOK 6.0 million in the same quarter of 2011, an increase of NOK 3.3 million. At NOK 7.9 million, net interest expenses for the period were up NOK 2.1 million on the prior-year figure of NOK 5.8 million, the increase was caused by a higher interest rate level. This item was also impacted by changes in unrealised currency forward contracts, changes in the market value of an interest rate swap agreement of NOK 0.6 million and foreign exchange rate fluctuations on monetary items that vary from period to period.

Balance sheet

At the end of the second quarter of 2012 the Group had total assets of NOK 1,458.8 million, compared with NOK 1,415.7 million at the end of the previous quarter, an increase of NOK 43.1 million. The change in total assets is attributable to a number of factors. Fair value adjustments of the biomass increased during the quarter by NOK 13.6 million as a result of higher market prices, while inventories and biomass at cost rose by an aggregate NOK 12.4 million. The net increase in inventories and biological assets compared with the previous quarter was NOK 26.0 million. The Group's receivables increased by NOK 11.1 million during the period.

At the end of the reporting period the Group's net interest-bearing debt totalled NOK 477.7 million, compared with NOK 455.9 million at the end of the previous period, an increase of NOK 21.8 million. The increase is mainly due to the increase in inventory, biomass and accounts receivables as described above as well as investments in fixed assets. At the end of the second quarter the group's net interest-bearing debt to the Group's bank was NOK 362 million of a total credit facility of NOK 612 million.

At the end of the second quarter the Group's equity totalled NOK 589.4 million, an increase of NOK 7.1 million from the end of the previous quarter. The increase is attributable to the profit of NOK 6.8 million in the period. At the end of the second quarter the Group had an equity ratio of 40.4 per cent.

Statement of cash flow

The Group's operating activities generated a cash outflow of NOK 3.7 million during the quarter, which represents a decrease of NOK 5.8 million compared with the corresponding prior-year quarter. The decrease is primarily attributable to an increase in inventories of NOK 12.4 million and an increase of accounts receivables of NOK 12.8 million, while a positive EBITDA of NOK 16.6 million has reduced the negative cash flow.

Net cash outflow in connection with investing activities in the second quarter amounted to NOK 10.2 million, compared with an outflow of NOK 24.2 million in the second quarter of 2011, and primarily relates to cash outflows of NOK 10.5 million from investments in operating assets.

Net cash inflows from financing activities totalled NOK 15.9 million in the second quarter, compared with net cash inflow of NOK 21.3 million in the same quarter in 2011. Leasing liabilities increased by NOK 5.3 million and the bank overdraft facility increased by NOK 24.0 million.

SEGMENT INFORMATION

The business is divided into two segments; Region North and Region South. Both segments include farming operations and sales operations. The Farming operations include salmon farming and harvesting activities. The Sales operations include the trading of salmon and trout, as well as the Group's chain management activities.

As of the second quarter of 2012 the reporting of segment information has changed. The contribution from the sales operations is allocated to Region North and Region South based on the volume harvested in these segments. Historical figures have been recalculated to be comparable.

The Group owns 25 licences for the production of farmed salmon, divided between 19 licences in Region North which comprises fish farming facilities located in Senja and western Finnmark and 6 licences in Region South which comprises fish farming facilities located in the area around Haugesund. The Group's associates own a combined total of 8 licences.

KEY FIGURES (NOK '000)	**Q2 2012**	**Q2 2011**	**YTD 2012**	**YTD 2011**	**Year 2011**
Operating revenues	408 692	452 890	789 149	862 088	1 733 480
EBITDA	20 820	42 052	42 799	62 182	90 800
Operating profit before fair value adjustments	13 447	36 001	28 145	50 605	64 757
Investment in tangible and intangible assets	10 532	32 189	16 351	59 912	94 403
Volume harvested (tons)	5 039	3 351	9 582	4 386	18 781
EBIT per kg – before fair value adjustments	2,67	10,74	2,94	11,61	3,45
- of which sales	1,47	1,54	1,16	1,70	1,26
Volume sold	13 243	11 244	26 060	20 769	50 428

The business posted sales revenues of NOK 408.7 million in the second quarter of 2012, compared with NOK 452.9 million in the same quarter the previous year, which corresponds to a decrease of 9.8 per cent. The decrease is due to lower prices in the quarter compared with corresponding period last year. The average NOS price for superior quality during the quarter was NOK 27.0 per kg gutted weight, an increase of 4 per cent from the first quarter of 2012 and 26 per cent down compared with second quarter of 2011.

The Sales operations experienced a positive increase in sales volumes of 17.8 per cent. A total of 13,243 tons were sold in the second quarter, compared with 11,244 tons in the same period last year. The Sales operations achieved an EBIT before fair value adjustments of NOK 7.4 million compared with NOK 5.2 million in the second quarter of 2011. This resulted in NOK 0.56 EBIT per kg sold in the second quarter, compared with NOK 0.46 in the corresponding prior-year period.

The farming operations harvested 5,039 tons in the second quarter, compared with 3,351 tons in the same quarter the previous year, a rise of 50 per cent. The harvest volume in 2012 is estimated at 22,500 tons and at 28,000 tons in 2013. Total smolts released in 2011 were 7.7 million, and a total of 7.8 million smolts are planned released in 2012.

Region North

EBIT before fair value was NOK 9.3 million, a decrease of NOK 25.6 million compared with the NOK 34.9 in the second quarter of 2011. EBIT per kg was NOK 3.10, compared with NOK 12.62 in the second quarter of 2011.

2,995 tons were harvested in the region in the second quarter, compared with 2,766 tons in the same quarter the previous year, a rise of 8,3 per cent. The farming operations achieved an average price in the period of NOK 25.25 per kg, a decrease of NOK 10.08 per kg against the corresponding period last year. Fixed-price contracts represent 10 per cent of sold volume in the quarter. The production cost for harvested fish for Region North is lower compared with the corresponding prior-year period. Compared to the first quarter of 2012 the production cost has increased more than expected, which is related to one specific site in Finnmark. Low sea temperatures in Finnmark have caused lower growth than normal in the quarter. The smolts put in the sea this year have performed well so far, with a higher degree of survival than normal in the region. The biological status in the region is very good.

There will be a large increase of the harvest volume in 2013 due to the full utilisation of the MAB in 2012. The harvest volume in 2012 is estimated at 14,600 tons and at 21.500 tons in 2013. Total smolts releases in 2011 were 5.9 million, and a total of 5.8 million smolts are planned released in 2012.

KEY FIGURES (NOK '000)	**Q2 2012**	**Q2 2011**	**YTD 2012**	**YTD 2011**	**Year 2011**
Operating revenues	243 294	374 029	590 567	783 123	1 332 879
EBITDA	14 111	38 943	33 044	57 177	79 892
Operating profit before fair value adjustments	9 297	34 898	23 437	49 491	62 822
Investment in tangible and intangible assets	10 531	30 527	14 038	49 013	65 350
Volume harvested (tons)	2 995	2 766	7 140	3 801	12 871
EBIT per kg – before fair value adjustments	3,10	12,62	3,28	13,02	4,88
- of which sales	1,47	1,54	1,09	1,72	1,30

Region South

EBIT before fair value was NOK 4.2 million, an increase of NOK 3.1 million compared with the NOK 1.1 in the second quarter of 2011. EBIT per kg was NOK 2.03, compared with NOK 1.89 in the second quarter of 2011.

2,045 tons were harvested in the region in the second quarter, compared with 585 tons in the same quarter the previous year, a rise of 250 per cent. The farming operations achieved an average price in the period of NOK 26.49 per kg, a decrease of NOK 1.45 per kg against the corresponding period last year. Fixed-price contracts represent 29 per cent of sold volume in the quarter. The production cost for harvested fish is lower compared with the corresponding prior-year period. The production costs are expected to fall when harvesting the 2011-generation in the third quarter. Region South has shown good growth in the quarter. The biological status is very good, and there is no detected disease in the quarter. The harvest volume in 2012 is estimated at 7,800 tons and in 2013 at 6,500 tons. Total smolts released in 2011 were 1.8 million, and a total of 2.0 million smolts are planned released in 2012.

KEY FIGURES (NOK '000)	**Q2 2012**	**Q2 2011**	**YTD 2012**	**YTD 2011**	**Year 2011**
Operating revenues	165 398	78 861	198 582	78 965	400 600
EBITDA	6 710	3 109	9 755	5 005	10 907
Operating profit before fair value adjustments	4 150	1 103	4 708	1 114	1 934
Investment in tangible and intangible assets	1	1 662	2 313	10 899	29 053
Volume harvested (tons)	2 045	585	2 443	585	5 910
EBIT per kg – before fair value adjustments	2,03	1,89	1,93	1,91	0,33
- of which sales	1,47	1,54	1,37	1,54	1,17

SHARES

As of 30 June 2012 Norway Royal Salmon ASA had 43,572,191 shares, allocated among 664 shareholders, a decrease of 716 from the end of the previous quarter. At the end of the quarter the group had no treasury shares. The share price decreased from NOK 11.50 at the end of March 2012 to NOK 10.50 at the end of June 2012. 990,902 shares were traded in the quarter.

EVENTS IN THE QUARTER

ANNUAL GENERAL MEETING 22 MAY

The annual general meeting was held in Trondheim on 22 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% of the company's share capital. The authority remains in force until the ordinary general meeting in 2013, however no later than 30 June 2013.

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 2013, however no later than 30 June 2013.

The board of directors was reelected by the general meeting.

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ABSENTEEISM

The group had a sickness absence rate of 4.6 per cent in the period, down from 6.9 per cent the previous quarter. The long-term absenteeism represents about half of the absence. The number of long-term absent employees is expected to decrease in the next quarter. 1 personal injury occurred during the period.

SUMMARY OF EVENTS YEAR TO DATE IN 2012

The Group posted sales of NOK 789.6 million in the first half of 2012, compared with NOK 862.1 million in the corresponding prior-year period, which equates to a decrease of 8.4 per cent. During the same period the Group posted EBIT before fair value adjustments of NOK 19.7 million, compared with NOK 39.2 million in the first half of 2011. A total of 9,582 tons were harvested in the first half of 2012, compared with 4,386 tons in the corresponding prior-year period. The group had a positive operational cash-flow of NOK 45.9 million in the first half of 2012, compared with NOK 0.5 million in the corresponding prior-year period. At the end of the second quarter the Group had an equity ratio of 40.4 per cent compared with 36.3 per cent at the end of the same period last year. The Group has reduced its net interest bearing debt by NOK 54.0 million to NOK 477.7 million at the end of the period.

Region North harvested 7,140 tons in the first half of 2012, compared with 3,801 tons in the corresponding prior-year period, and posted EBIT per kg of NOK 3.28, compared with NOK 13.02 in the first half of 2011. Region South harvested 2.443 tons in the first half of 2012, against 585 tons in the first six months of 2011, and posted EBIT per kg of NOK 1.93, compared with NOK 1.91 in the first half of 2011. The Sales business sold 26,060 tons in the first half of 2012, against 20,769 tons in the first six months of 2011.

Norway Royal salmon completed a private placement on the 28th of February 2012. The company issued 3,961,108 new shares and sold 1,467,442 existing treasury shares at a price of NOK 8.00 per share. The gross proceeds from the placement amounted to NOK 43.4 million.

In connection with the placement the company's bank syndicate agreed to increase the Company's current bank facility with an amount equal to the net proceeds raised in the placement. Hence from the same date the bank facility increased by NOK 42.1 million.

Norway Royal Salmon has not identified any additional risk exposure beyond the risks described in the 2011 annual report. Norway Royal Salmon is exposed to the salmon price. The salmon price is expected to stay at a low level in the next quarter due to the expected increase in global supply. Reference is made to the Outlook section of this report, for other comments to NRS's risk exposure. No material transactions with related parties have been undertaken during the first six months of 2012, reference is made to the Note 6 of this report for further information regarding related parties.

MARKET CONDITIONS

The total value of export of salmon from Norway in the second quarter of 2011 was NOK 7.2 billion, a decrease of NOK 286 million compared with the second quarter of 2012. The decrease is due to a significant lower salmon price compared with the same period last year. The average price for superior quality during the quarter was NOK 27.03 (delivered Oslo)per kg. In the same period last year the price was NOK 36.77 per kg.

The low salmon price has resulted in increased demand in most markets in the quarter. The export from Norway increased by 26.2 per cent compared with the same period last year. In

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addition the growth in Chile is considerable, resulting in the global consumption growth of salmon being estimated to be slightly below 30 per cent in the second quarter of 2012.

Consumption of salmon in the European market has had a positive development, and in the 27 EU countries the import of Norwegian salmon increased by 20.6 per cent. This is a more modest growth compared to the first quarter; however the development is still positive. Within the 27 EU countries there are some changes from the first quarter. Germany experienced a decline in the first quarter and it is very positive to see that it had a growth of 8.6 per in the second quarter compared with the corresponding prior-year period. The PIIGS-countries (Portugal, Italy, Ireland, Greece and Spain) which increased their demand for salmon by 34,6 per cent in the first quarter of 2012 had a more modest growth of 8,8 per cent in the second quarter.

Eastern Europe, with Russia at the head, has had a high consumption growth of Norwegian salmon during the quarter. In the second quarter Russia was the second largest single market for Norwegian salmon with a growth of 63.2 per cent. In the second quarter Russia had a share of 12 per cent of all Norwegian exported salmon. This is slightly less than France that imports 15 per cent of all Norwegian exported salmon.

As Russia becomes an increasingly important consumer of Norwegian salmon it is more important than ever that trade is done without significant barriers to trade. At the end of April it was announced that 13 of 35 approved Norwegian primary processing plants will not have the possibility to export salmon to Russia after May 5th 2012. The effect of this has been limited since other processing plants probably have increased the volume to Russia in the second quarter. The Norwegian salmon industry is working hard to satisfy all demands from Russia so the positive development towards Russia can continue.

In addition to the good growth in markets in Eastern Europe and the EU, the demand from other regions has also been good. The total import growth to Asia, the Middle East and Africa was about 30 per cent in the second quarter. Japan was one of the countries developing well with a growth of 51.3 per cent in the second quarter. Despite the continuing problems with export to China the volumes to China, Hong Kong and Vietnam showed a significant growth of 21.5 per cent in the second quarter.

OUTLOOK

The Farming operations are still experiencing strong growth and estimate a total harvest of 22,500 tons in 2012 and 28 000 tons in 2013 compared with 18,800 tons in 2011. Total smolts released in 2011 were 7.7 million and planned smolts to be released in 2012 are 7.8 million. The estimates are unchanged from the previous interim report.

The Farming operations have hedged approximately 35 per cent of the volume for the third quarter and approximately 20 per cent of the volume of the fourth quarter. Approximately 9 % of the volume is hedged in 2013, of which approximately 18 per cent is hedged in the first half of 2013.

The market situation ahead is seen as positive due to continued strong demand for salmon in most markets. At the same time it is expected a significant increase in the global supply of salmon in the third quarter and a moderate growth in the fourth quarter. An important assumption for the positive market view is that export to the Russian market will develop normally without any major barriers to trade.

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 2011 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 or 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, 20 August 2012

Helge Gåsø Chair	Kristine Landmark Vice Chair	Eva von Hirsch
Inge Kristoffersen	Endre Glastad	Åse Valen Olsen
John Binde CEO		

INTERIM REPORT
INCOME STATEMENT

(NOK '000)	Q2 2012	Q2 2011	YTD 2012	YTD 2011	Year 2011
Operating revenues	**409 088**	**452 890**	**789 639**	**862 088**	**1 734 022**
Cost of goods sold	356 266	390 369	688 296	760 189	1 549 263
Salaries	15 371	12 224	31 670	25 509	60 595
Depreciation	7 373	6 051	14 654	11 577	26 043
Other operating costs	20 807	12 598	35 354	25 640	53 365
Operating profit before fair value adjustments	**9 271**	**31 648**	**19 665**	**39 173**	**44 757**
Fair value adjustments	7 905	-82 901	10 682	-58 469	-70 627
EBIT	**17 175**	**-51 253**	**30 347**	**-19 296**	**-25 870**
Gain on realisation of financial assets	0	0	0	23 726	41 430
Income from associates	1 161	-5 383	7 307	-2 531	-1 689
Other net financial items	-9 277	-6 046	-17 258	-13 260	-31 038
EBT	**9 059**	**-62 682**	**20 396**	**-11 361**	**-17 166**
Tax	-2 211	16 127	-3 869	8 416	15 548
Net profit/loss	**6 848**	**-46 555**	**16 527**	**-2 945**	**-1 618**
Profit attributable to:					
Parent company shareholders	5 926	-42 520	14 812	-484	2 140
Minority interests	922	-4 035	1 715	-2 461	-3 759
Earnings per share (NOK)	0,14	-1,17	0,36	-0,01	0,06
Earnings per share - diluted	0,14	-1,17	0,36	-0,01	0,06

EXTENDED INCOME STATEMENT

(NOK '000)	Q2 2012	Q2 2011	YTD 2011	YTD 2010	Year 2010
Net profit/loss	**6 848**	**-46 555**	**16 527**	**-2 945**	**-1 618**
Financial assets available for sale (net)	0	0	0	-23 132	-23 132
Total comprehensive income	**6 848**	**-46 555**	**16 527**	**-26 077**	**-24 750**
Total comprehensive income attributable to:					
Parent company shareholders	5 926	-42 520	14 812	-23 616	-20 992
Minority interests	922	-4 035	1 715	-2 461	-3 759

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BALANCE SHEET

(NOK '000)	30.06.2012	31.03.2012	31.12.2011	30.06.2011
Intangible assets	502 887	502 887	502 887	502 887
Property, plant and equipment	179 007	175 850	177 311	157 660
Non-current financial assets	108 796	107 935	103 238	110 735
Non-current assets	**790 691**	**786 673**	**783 436**	**771 282**
Inventory and biological assets	433 225	407 255	406 730	420 366
Receivables	226 644	215 537	270 922	268 417
Bank deposits, cash	8 192	6 272	6 205	4 615
Current assets	**668 060**	**629 064**	**683 857**	**693 398**
TOTAL ASSETS	**1 458 751**	**1 415 736**	**1 467 292**	**1 464 680**
Share capital	43 573	43 573	38 144	38 144
Other equity	506 839	500 682	457 289	454 307
Non-controlling interests	38 944	38 022	37 229	38 526
Equity	**589 356**	**582 276**	**532 662**	**530 977**
Pensions	8 480	8 480	8 480	7 719
Deferred tax	157 256	155 084	153 784	160 917
Provisions	**165 736**	**163 564**	**162 265**	**168 636**
Long-term interest-bearing debt	**318 687**	**321 210**	**320 884**	**311 077**
Short-term interest-bearing debt	167 164	140 921	217 054	174 212
Trade payables	186 925	185 673	219 868	252 012
Tax payable	0	0	0	3 031
Other current liabilities	30 881	22 091	14 558	24 735
Current liabilities	**384 971**	**348 684**	**451 480**	**453 990**
TOTAL EQUITY AND LIABILITIES	**1 458 751**	**1 415 736**	**1 467 292**	**1 464 680**

STATEMENT OF EQUITY

30.06.2012 (NOK '000)	Share capital	Treasury shares	Share premium fund	Retained earnings	Total	Non-controlling interests	Total equity
	Equity allocated to parent company shareholders						
Equity at 01.01.2012	39 611	-1 467	54 936	402 352	495 433	37 229	532 662
Total comprehensive income	**0**	**0**	**0**	**14 812**	**14 812**	**1 715**	**16 527**
Transactions with shareholders							
Share issue	3 961	0	27 728	0	31 689	0	31 689
Net share issue transaction costs	0	0	-635	-223	-858	0	-858
Share based payment	0	0	0	277	277	0	277
Purchase/sale of treasury shares	0	1 467	0	10 273	11 740	0	11 740
Other changes in associates	0	0	0	-2 681	-2 681	0	-2 681
Total transactions with shareholders	**3 961**	**1 467**	**27 093**	**7 646**	**40 167**	**0**	**40 167**
Equity at 30.06.2012	**43 572**	**0**	**82 029**	**424 810**	**550 412**	**38 945**	**589 356**

30.06.2011 (NOK '000)	Share capital	Treasury shares	Share premium fund	Retained earnings	Total	Non-controlling interests	Total equity
	Equity allocated to parent company shareholders						
Equity at 01.01.2011	37 229	-9	15 526	485 188	537 934	41 862	579 796
Comprehensive income	**0**	**0**	**0**	**-23 616**	**-23 616**	**-2 461**	**-26 077**
Transactions with shareholders							
Share issue	2 382	0	43 730	0	46 112	0	46 112
Net share issue transaction costs	0	0	-4 320	0	-4 320	0	-4 320
Share based payment	0	0	0	260	260	0	260
Dividend	0	0	0	-34 713	-34 713	-875	-35 588
Purchase/sale of treasury shares	0	-1 458	0	-27 747	-29 205	0	-29 205
Total transactions with shareholders	**2 382**	**-1 458**	**39 410**	**-62 200**	**-21 866**	**-875**	**-22 742**
Equity at 30.06.2011	**39 611**	**-1 467**	**54 935**	**399 372**	**492 452**	**38 526**	**530 977**

31.12.2011 (NOK '000)	Share capital	Treasury shares	Share premium fund	Retained earnings	Total	Non-controlling interests	Total equity
	Equity allocated to parent company shareholders						
Equity at 01.01.2011	37 229	-9	15 526	485 188	537 934	41 862	579 796
Total comprehensive income	**0**	**0**	**0**	**-20 992**	**-20 992**	**-3 759**	**-24 750**
Transactions with shareholders							
Share issue	2 382	0	43 730	0	46 112	0	46 112
Net share issue transaction costs	0	0	-4 320	0	-4 320	0	-4 320
Share based payment	0	0	0	616	616	0	616
Dividend	0	0	0	-34 713	-34 713	-875	-35 588
Purchase/sale of treasury shares	0	-1 458	0	-27 747	-29 206	0	-29 206
Total transactions with shareholders	**2 382**	**-1 458**	**39 410**	**-61 844**	**-21 511**	**-875**	**-22 386**
Equity at 31.12.2011	**39 611**	**-1 467**	**54 935**	**402 352**	**495 432**	**37 229**	**532 662**

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STATEMENT OF CASH FLOW

(NOK '000)	Q2 2012	Q2 2011	YTD 2012	YTD 2011	Year 2011
Operating profit before fair value adjustments	**9 271**	31 648	**19 665**	39 173	44 757
Adjusted for:					
Tax paid	**0**	0	**0**	0	-3 031
Depreciation/amortisation	**7 373**	6 051	**14 654**	11 577	26 043
Gains (-)/ losses (+) on disposal of non-current assets	**0**	-1 497	**0**	-1 497	-1 845
Share based payment	**103**	172	**277**	414	616
Pension costs with no cash effect	**0**	0	**0**	0	761
Change in inventory / biomass	**-12 361**	-48 421	**-10 237**	-78 400	-75 378
Change in debtors and creditors	**-11 546**	31 282	**14 287**	45 727	-8 459
Change in other current assets and other liabilities	**3 423**	-17 081	**7 280**	-16 537	-9 245
Net cash flow from operating activities	**-3 737**	2 154	**45 926**	457	-25 781
Cash flow from investing activities					
Proceeds from sale of property, plant and equipment	**0**	1 723	**0**	1 723	2 213
Payments for purchase of property, plant and equipment and intangible assets	**-10 531**	-33 750	**-16 350**	-60 124	-94 403
Payments in connection with other transactions	**0**	0	**0**	0	-300
Proceeds from investments in non-current financial assets	**0**	9 735	**0**	11 235	37 799
Payments for investments in non-current financial assets	**0**	-1 872	**0**	-1 903	-1 903
Change in loans to associates and others	**300**	0	**-900**	0	-8
Net cash flow from investing activities	**-10 231**	-24 164	**-17 250**	-49 069	-56 602
Cash flow from financing activities					
Receipts from new long-term debt	**5 282**	21 557	**9 976**	43 287	67 392
Long-term debt repayments	**-5 585**	-5 000	**-11 883**	-9 414	-20 859
Net change in overdraft	**24 023**	45 170	**-50 181**	20 674	60 664
Net payments from share issue	**90**	0	**30 499**	40 112	40 112
Purchase and sale of treasury shares	**0**	0	**11 740**	143	143
Interest paid	**-7 922**	-5 764	**-16 840**	-11 610	-28 025
Dividend payment	**0**	-34 713	**0**	-34 713	-35 586
Net cash flow from financing activities	**15 888**	21 250	**-26 689**	48 479	83 841
Net increase (+)/ decrease (-) in cash & cash equivalents	**1 920**	-760	**1 987**	-133	1 458
Cash and cash equivalents - opening balance	**6 272**	5 375	**6 205**	4 748	4 748
Cash and cash equivalents - closing balance	**8 192**	4 615	**8 192**	4 615	6 205

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting principles

These abridged, 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 2011 financial year.

The Group's accounting principles in this interim report are the same as described in the annual financial report for 2011, with the exception of standards and interpretations referred to in note 2 of the annual financial report for 2011. None of these standards or interpretations have affected the consolidated financial statements for 2012.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: Segment information

The Group's operating segments are be divided into two geographical segments; Region North and Region South. The business operations includes salmon farming and harvesting activities as well as the buying and selling of salmon and trout. As of the second quarter of 2012 the reporting of segment information has changed. The contribution from the sales operations is allocated to Region North and Region South based on the volume harvested in these regions. Historical figures have been recalculated to be comparable.

	Northern Region		Southern Region		Eliminations/other		Total	
(NOK '000)	Q2 2012	Q2 2011	Q2 2012	Q2 2011	Q2 2012	Q2 2011	Q2 2012	Q2 2011
Total sales revenues	317 822	465 632	219 551	94 155	396	0	537 769	559 787
Internal sales revenues	74 528	91 603	54 153	15 294	0	0	128 681	106 897
External sales revenues	243 294	374 029	165 398	78 861	396	0	409 088	452 890
Operating profit before fair value adjustments	9 297	34 898	4 150	1 103	-4 176	-4 353	9 271	31 648
Fair value adjustments	-861	-66 409	8 765	-16 492	0	0	7 905	-82 901
EBIT	8 436	-31 512	12 915	-15 388	-4 176	-4 353	17 175	-51 253
EBT	3 830	-34 822	9 528	-17 314	-4 299	-10 546	9 059	-62 682
Volume harvested (HOG)	2 995	2 766	2 045	585			5 039	3 351
EBIT per kg (before fair value adj. biomass)	3,10	12,62	2,03	1,89			2,67	10,74
-of which sales	1,47	1,54	1,47	1,54			1,47	1,54
Volume sold							13 243	11 244

	Northern Region		Southern Region		Eliminations/other		Total	
(NOK '000)	YTD 2012	YTD 2011	YTD 2012	YTD 2011	YTD 2012	YTD 2011	YTD 2012	YTD 2011
Total sales revenues	766 353	913 163	262 998	94 259	490	0	1 029 841	1 007 422
Internal sales revenues	175 786	130 040	64 415	15 294	0	0	240 202	145 334
External sales revenues	590 567	783 123	198 582	78 965	490	0	789 639	862 088
Operating profit before fair value adjustment	23 437	49 491	4 708	1 114	-8 480	-11 432	19 665	39 173
Fair value adjustment	-481	-49 277	11 163	-9 192	0	0	10 682	-58 469
EBIT	22 955	214	15 872	-8 078	-8 480	-11 432	30 347	-19 296
EBT	14 812	-7 568	9 853	-11 432	-4 268	7 639	20 396	-11 361
Volume harvested (HOG)	7 140	3 801	2 443	585			9 582	4 386
EBIT per kg (before fair value adj. biomass)	3,28	13,02	1,93	1,91			2,94	11,54
of which sales	1,09	1,72	1,37	1,54			1,16	1,70
Volume sold							26 060	20 769

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass

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

Book value of inventory:

(NOK '000)	30.06.2012	31.03.2012	31.12.2011	30.06.2011
Raw materials	12 076	9 748	12 381	12 783
Biological assets (biomass)	418 179	390 991	387 880	395 083
Finished goods	2 970	6 516	6 470	12 500
Total inventory	**433 225**	**407 255**	**406 730**	**420 366**

Specification of the biomass:

(NOK '000)	30.06.2012	31.03.2012	31.12.2010	30.06.2011
Biomass at cost	396 763	383 184	382 721	379 311
Fair value adjustments of the biomass	21 416	7 807	5 159	15 772
Book value of the biomass	**418 179**	**390 991**	**387 880**	**395 083**

NOTE 4: Fair value adjustments

Fair value adjustments are a part of the Group's EBIT, but is presented in 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 2012	Q2 2011	YTD 2012	YTD 2011	Year 2011
Change in fair value adjustments of the biomass	13 609	-90 160	16 257	-59 228	-69 841
Change in provision for onerous sales contracts	-2 480	6 158	-2 480	0	0
Change in provision for onerous purchase contracts	45	-3 541	0	-3 541	0
Change in unrealised gains/losses on financial fish pool contracts	-3 269	4 642	-3 095	4 300	-786
Total fair value adjustments	**7 905**	**-82 901**	**10 682**	**-58 469**	**-70 627**

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

(NOK '000)	30.06.2012	31.03.2012	31.12.2010	30.06.2011
Fair value adjustments biomass (inventory and biological assets)	21 416	7 807	5 159	15 772
Provision for onerous sales contracts (other current liabilities)	-2 480	0	0	0
Provision for onerous purchase contracts (other current liabilities)	0	-45	0	-3 541
Fair value of financial fish pool contracts (other receivables/other current liabilities)	-2 365	904	730	5 816
Net fair value adjustments in the balance sheet	**16 571**	**8 666**	**5 889**	**18 047**

NOTE 5: Write-downs and non-recurring items

The Group was listed on the Oslo Stock Exchange in the first quarter of 2011. Simultaneous to this, a share issue was carried out, where NOK 46.1 million in equity was received. The NOK 8.5 million in total costs that were incurred in connection with this process was broken down to NOK 6.0 million posted against equity and NOK 2.5 million expensed in Q1 2011.

Write-downs and non-recurring items

(NOK '000)	Q2 2012	Q2 2011	YTD 2012	YTD 2011	Year 2011
Costs of stock exchange listing	0	0	0	2 500	2 500
Total	**0**	**0**	**0**	**2 500**	**2 500**

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: Transactions with related parties

The Norway Royal Salmon Group undertakes transactions under ordinary terms and conditions with associates and chain members 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. No material transactions with related parties have been undertaken during the first six months of 2012.

Share-based incentive schemes

A bonus programme based on "synthetic options" was introduced for the Group's management in the first quarter of 2011. The bonus programme gives entitlement to a cash bonus based on the performance of the company's shares in the Oslo Stock Exchange on the day of quotation; 29 March 2011. Bonuses are calculated 12, 24 and 36 months after the day of quotation, 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 the day of quotation to the specified dates, and in relation to price increases during the period on the number of shares covered by the programme.

280,000 of the options expired the first quarter of 2012. After this the scheme covers a total of 560,000 shares allocated to the Group’s management. To date in 2012 costs relating to the option scheme have been recognised in the income statement in the amount of NOK 277,000.

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

NOTE 7: Investments in associates

(NOK '000)	Shareholding	Book value 01.01.2012	Share of profit/loss in the period after tax	Other changes	Book value 30.06.2012	Share of volume harvested - tons HOG 30.06.2012 *
Company						
Wilsgård Fiskeoppdrett AS	37,50 %	36 117	864	0	**36 981**	728
Måsøval Fishfarm AS	36,10 %	15 872	532	-2 746	**13 658**	403
Hellesund Fiskeoppdrett AS	33,50 %	21 517	5 128	0	**26 645**	209
Hardanger Fiskeforedling AS	31,10 %	4 417	1 075	0	**5 492**	0
Espevær Laks AS	37,50 %	829	-292	0	**537**	0
Ranfjord Fiskeprodukter AS	27,65 %	17 288	0	0	**17 288**	0
Other		48	0	0	**48**	0
Total associates 30.06.2012		**96 088**	**7 307**	**-2 746**	**100 649**	**1 340**
Total associates 30.06.2011		**114 136**	**-2 531**	**-7 832**	**103 773**	**520**

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

Note 8 Interest rate swap

NRS entered into an interest rate swap in 2011 at the end of the third quarter. 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 31.03.2012	Market value 30.06.2012	Change in market value Q2 2012
NOK	100 000	Fixed 3,37%	3 M NIBOR	07.09.2016	-2 054	-2 701	-648

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: Loans to credit institutions

The Group's main borrowing covenants are based on standard ratios relating to solvency (equity ratio) and earnings (net interest-bearing debt/EBITDA). From the fourth quarter of 2011 the Group's covenants was changed. The group has been excempt from the covenant saying that net interest bearing debt shall not exceed 6.5 times a 12-months rolling EBITDA in 2012. This covenant will apply from the first quarter of 2013 and will be reduced to 5.5 in the fourth quarter of 2013 and to 5.0 in the fourth quarter of 2014. The Group shall furthermore have an equity share of at least 30% in 2012, and from the first quarter of 2013 this covenant is increased to 35%. At the end of the second quarter 2012 the Group is in compliance with the terms of its loan agreements.

NOTE 10: Shareholders

Ownership structure – the 20 largest shareholders as at 30.06.2012:

Shareholder	No. of shares	Shareholding
Gåsø Næringsutvikling AS	6 016 278	13,81 %
Glastad Invest AS	5 317 861	12,20 %
Egil Kristoffersen og Sønner AS	4 234 059	9,72 %
Havbruksinvest AS	3 526 312	8,09 %
Måsøval Eiendom AS	3 488 022	8,01 %
Lovundlaks AS	2 292 454	5,26 %
Nyhamn AS	2 013 371	4,62 %
Kverva AS	1 850 709	4,25 %
Sparebanken Midt-Norge Invest AS	1 656 663	3,80 %
Hellesund Fiskeoppdrett AS	1 140 000	2,62 %
Six Sis AG 25PCT	751 006	1,72 %
Henden Fiskeindustri AS	639 502	1,47 %
Colebros LLC	502 065	1,15 %
Atoli AS	500 752	1,15 %
Wilsgård Fiskeoppdrett AS	468 689	1,08 %
MP Pensjon PK	450 700	1,03 %
Karl Olaf Jørgensen	435 100	1,00 %
Gry Marit Eikremsvik	430 000	0,99 %
Alf Pedersen	367 503	0,84 %
Barbinvest AS	252 850	0,58 %
Total 20 largest shareholders	**36 333 896**	**83,39 %**
Total other shareholders	7 238 295	16,61 %
Total no. of shares	**43 572 191**	**100,00 %**

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