



ANNUAL REPORT 2012



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The international market

The principal products are fresh and frozen salmon, which were sold to customers in 44 countries in 2012. Around 97 per cent of all the company's sales were made to the international market. Western Europe accounted for 50 per cent of the company's exports, while the remainder were sold to countries in Eastern Europe, Russia, the Middle East and Asia .



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A statement from the Chief Executive Officer



«From being a sales and export company, the company has during the past six years, developed into a major seafood producer.»

In 2012, it was 20 years since Norway Royal Salmon ASA (NRS) was established by a number of family-owned salmon farming companies. In a time when the salmon export had just been released after the FOS bankruptcy in 1991, the founders of NRS wanted to have their own sales company. The company has had an exciting development throughout these 20 years, and is now one of the major exporters of Norwegian salmon. From being a sales and export company, the company has during the past six years, developed into a major seafood producer.

2012 was a year of tremendous growth for the industry. Most impressive in the last year is the strong consumption growth in almost all the corners of the world. Salmon

is currently sold to more than 160 nations and is a well established food product. Over the last 20 years salmon has achieved a consumption growth that few other food products can demonstrate. The global salmon production increased by 22 per cent in 2012, something the industry was aware of at the beginning of the year. It was therefore considerable uncertainty related to how this would affect salmon prices. The prices fell sharply in the last half of 2011, started at NOK 24 per kg at the beginning of 2012, and were about NOK 30 per kg at the end of the year. This resulted in an average price for 2012 of NOK 26.20 per kg, a decrease of 16 per cent compared with the previous year. The price decline was; however, considerably lower than many had anticipated. Thus, 2012 had an average price of salmon,

which was slightly lower than the average for the last ten years. The salmon market has thus been very strong in 2012; a trend we have seen continue into 2013.

The world population is expected to grow from the current 7 billion to around 9.5 billion in 2050. At the same time it is expected that the standard of living will increase and that an increasing proportion of the world's population will have both access and the means to buy more expensive food. Salmon is a relatively inexpensive food product compared with competing protein sources. As the supply of seafood from traditional fisheries has already reached its maximum harvesting level, the future supply of marine protein will have to come from aquaculture in one form or the other. This provides a solid basis for further sustainable growth in the aquaculture industry of Norway.

NRS has in the last years focused heavily on transforming the company from being a salmon exporter to also being a salmon producer. The company has had an offensive investment strategy with strong focus on building efficient salmon farming operations. After substantial investments, the group presents itself as modern with new and efficient production equipment. The last few years have consequently been capital intensive as the group has grown organically, and the group has recently achieved almost full utilization of existing production capacity.

The entire industry is working seriously on the challenges associated with escapes and sea lice. The government has focused especially on these issues when granting 45 new «green» licenses this year. The criteria to be applied for receiving the licenses are linked to technology, procedures and operational models that are intended to further improve the situation related to these issues. Once again it is Troms and Finnmark which is the prioritized growth region, and 20 out of the 45 new licenses are dedicated to this region.

The outlook for the Norwegian salmon industry is quite bright. The global supply growth has slowed down considerably, and expected global growth in 2013 is only a few percent. In combination with strong demand in the market, this has resulted in salmon prices in the upper NOK 30's at the beginning of 2013. However, we have to be prepared that salmon prices at this level will gradually reduce the growth in demand.

There has been considerable focus on organisational development during the last year, and going forward we expect this to be important both in our salmon production and in our trading activities. The main focus for all employees of NRS is daily improvements in our work. This applies to our pursuit of further efficiency of salmon production through reduction of the group's production costs, and in terms of sales and marketing of salmon in the best paying markets. This is hard work where we always must look for improvements.

I am proud of the work that all employees of NRS do in the best interests of the company, so that we emerge as a well run salmon company that creates significant value for the shareholders and for the communities in which we are located. I would therefore like to thank all employees, shareholders, the company's partners and last, but not the least, the various communities in which we operate.

A handwritten signature in black ink, reading "John Binde". The signature is stylized and cursive.

John Binde
CEO

Important Strategic milestones

1992

- Norway Royal Salmon AS was founded by 34 fish farming companies as a sales and marketing company for farmed salmon

1996

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

1998

- Acquisition resulting in 31.1 % ownership of Hardanger Fiskeforedling AS

2003

- Acquisition resulting in 36.1 % ownership of Måsøval Fish-farm AS

2004

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

2006

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

2007

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

2008

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

2009

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

2012

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

2010

- Acquisition resulting in 66.67 % ownership of Nord Senja Laks AS
- The remaining 23.76 % of the shares in AS Tri were acquired, resulting in AS Tri becoming a 100 % owned subsidiary (subsequently merged into NRS Finnmark AS)
- Acquisition resulting in 27.65 % ownership of Ranfjord Fiskeprodukter AS
- The company was converted from a private to a public limited liability company

2011

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

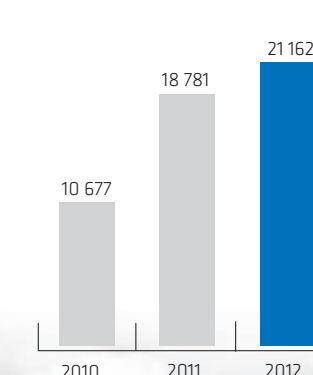
Key figures

(NOK 1 000)	2012	2011	2010
Operating revenue	1 744 266	1 734 022	2 002 085
Volume sold (tonnes)	57 673	50 428	49 584
Volume of own fish harvested (tonnes gutted weight)	21 162	18 781	10 677
Operational EBITDA ¹⁾	60 784	70 800	154 196
Operational EBIT ¹⁾	30 335	47 257	137 259
EBIT	69 844	-25 870	149 129
EBT	40 748	-17 166	168 925
Result for the year	31 618	-1 618	132 127
EBITDA margin ¹⁾	3.5 %	4.1 %	7.7 %
Operational EBIT margin ¹⁾	1.7 %	2.7 %	6.9 %
ROACE ²⁾	2.1 %	5.1 %	17.6 %
EBIT per kg - own production ¹⁾	1.23	2.19	11.65
Book value of biological assets	525 739	387 880	385 975
Total capital	1 675 526	1 467 292	1 464 838
Net interest bearing debt	566 075	531 734	425 992
Book equity	607 769	532 662	579 796
Equity ratio %	36.3 %	36.3 %	39.6 %
Net cash flow from operating activities	-2 828	-25 781	81 833
Net cash flow from investing activities	-36 970	-56 602	-83 599
Earnings per share	0.66	0.06	3.40
Number of shares as at 31 December	43 572 191	39 611 083	37 229 198
Number of employees (full-time equivalents)	103	89	73

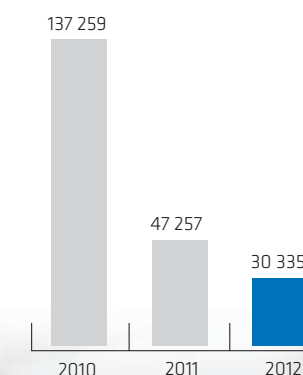
¹⁾ Before fair value adjustments and non-recurring items

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

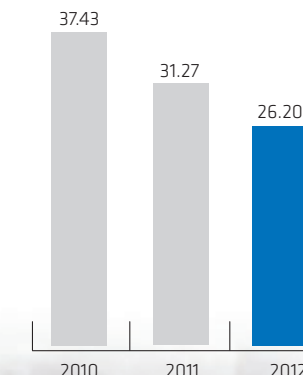
Harvested volume HOG (tonnes)



Operational EBIT (NOK 1 000)



Salmon price (NOS)



Highlights 2012

Private placement

Norway Royal Salmon ASA completed a private placement and sold treasury shares on 28 February 2012. The gross proceeds from the placement amounted to NOK 43.4 million.

Improved bank facility

In connection with the private placement on 28 February, the company's bank syndicate agreed to increase the bank facility with NOK 42.4 million.

Extraordinary mortality

Extraordinary mortality in September caused by high algae flora (flagellates) and low oxygen levels in a cage at the processing plant, was recorded as a non-recurring item at a cost of NOK 9.9 million.

Ranfjord Fiske-produkter AS

The Group acquired 10 per cent of the shares in Ranfjord Fiske-produkter AS on 25 September. The group now owns 37.75 per cent of the company.

GlobalGAP

The Group was awarded the GlobalGAP-certificate on 21 November. GlobalGAP lays a solid foundation for high food safety, worker safety and fish health and welfare.

Removal of regional production zones

On 29 November Region South was granted removal of regional production zones. Region South operates fish farming in both Hordaland and Rogaland county. The exemption from the requirement of having zone based on county provides a better basis for more efficient operations in Region South.

Full utilization of the MAB

Achieved full utilization of the MAB for the group during the last quarter of 2012. Expected harvest volume is 30 000 tonnes in 2013, an increase of 42 per cent.

Record high harvest volume

The farming business harvested 21 162 tonnes in 2012.

Record high sales volume

The trading business sold 57 763 tonnes in 2012.



Norway Royal Salmon – from sales company to integrated fish farming company

Since the company was founded in 1992, Norway Royal Salmon (NRS) has developed from a sales and marketing company for farmed salmon into an integrated seafood company. The Group is now a fish farming company with activities in two main segments: fish farming and sales. In 2012, the Group's farming operation harvested 21,162 tonnes of fish, while the sales organisation sold over 57,000 tonnes of salmon.

In addition to the sales organisation – which constitutes the origin of the group – the Group currently has four subsidiaries that own a total of 25 licences. The Group also holds minority interests in seven companies, three of which are fish farming companies with a total of eight licences between them. There are also three harvesting plants and two smolt companies among these companies. The Group is thus involved in almost all links of the value chain, from smolt and salmon production, through harvesting and on to sales and marketing.

Fish farming value chain



Eggs Juveniles/Smolt Ongrowing/marine production Primary processing Value added processing Sales & marketing



JUVENILES/SMOLT

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

ONGROWING/MARINE PRODUCTION

- 25 majority owned licences (19 in the Northern Region, 6 in the Southern Region)
- Harvest volume 2012 ~21,200 GWT
- Harvest volume 2013E ~30,000 GWT
- 8 partly owned licences through associated companies

PRIMARY PROCESSING

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

SALES & MARKETING

- Sales from the 81 licenses in the NRS sphere
- Primarily fresh and frozen salmon and trout
- Sold over 57,000 tonnes in 2012
- 97 % export to 44 countries in 2012

Fish farming – full utilisation of the Group's licences from 2013

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

The Group holds a total of 25 licences for edible fish production. 21,162 tonnes of fish were harvested in 2012 –

a 13 per cent increase on the previous year. From utilising 36 per cent of the Group's capacity in existing licenses in 2010, the Group now estimate to have full utilisation of the capacity and harvest around 30,000 tonnes in 2013. The group reached almost full utilisation of it's MAB at the end of 2012.

The Group's growth from 2009 to 2013 through utilisation of capacity in the existing licences is illustrated in the table below:

	Region North	Region South	Total	Harvest volume growth (%)
Licenses *	19	6	25	
Harvest volume 2009 (HoG)	4 495	2 333	6 828	
Harvest volume 2010 (HoG)	6 000	4 677	10 677	56 %
Harvest volume 2011 (HoG)	12 871	5 910	18 781	76 %
Harvest volume 2012 (HoG)	13 944	7 218	21 162	20 %
Harvest volume 2013e (HoG)	30 000		30 000	42 %

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

Fish farming with local management

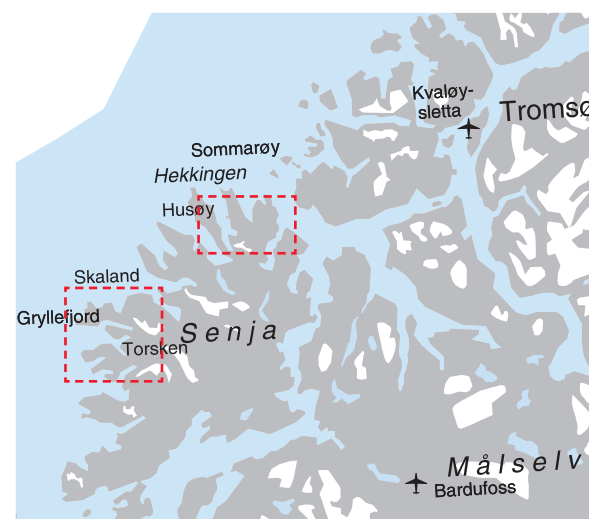
The Group firmly believes that local management close to the production facilities assures optimised operations in each company. The Group's fish farming activities are divided between two regions with a total of 25 licences: the Northern Region and the Southern Region.

The Northern Region

The Northern Region covers the business in West Finnmark and on Senja. In all, the Group operates 19 licences in the

Northern Region. The harvest volume in this region in 2012 totalled 13,944 tonnes, compared to 12,871 tonnes in 2011.

In West Finnmark, the group is represented by its subsidiary NRS Finnmark AS. NRS Finnmark has 14 licences for salmon farming. The Group expects strong growth in harvested volume in 2013. In 2012, NRS Finnmark harvested 7,324 tonnes of fish, a reduction from the 8,330 tonnes harvested in 2011. The total production capacity is approx. 17,000 tonnes. NRS Finnmark reached



full utilisation of it's MAB at the end of 2012. NRS Finnmark is attractively located in an area with only limited PD and lice problems. In addition, the area provides good conditions for fish farming on account of its excellent water temperatures and limited algae growth on the nets, which translates into lower costs and profitable operations.

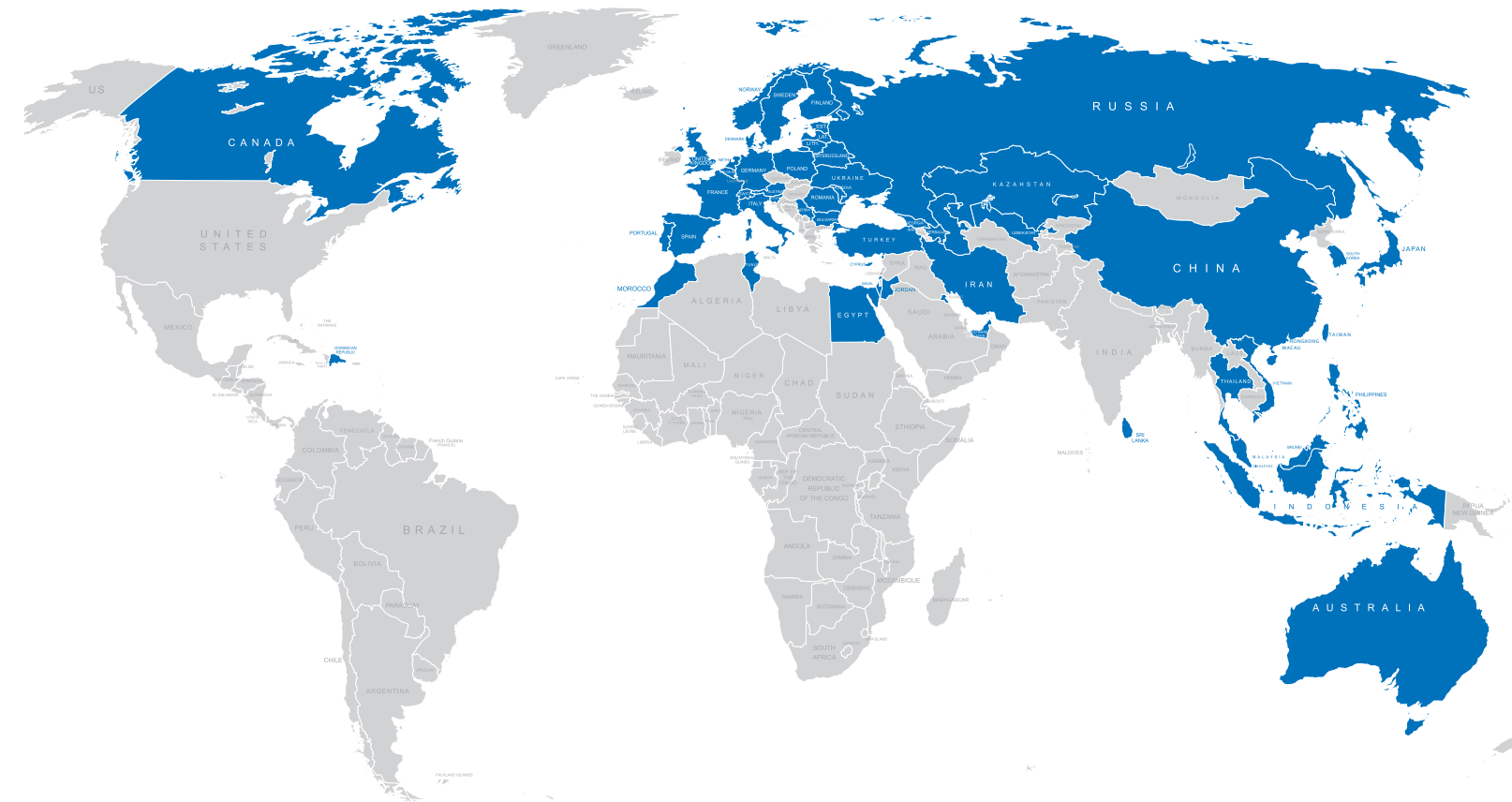
The subsidiaries Nor Seafood AS and Nord Senja Laks AS constitute the activities on Senja in Troms. These two companies hold a total of five salmon farming licences.



Together with Wilsgård Fiskeoppdrett AS – of which the Group owns 37.5 per cent – these companies form a group that operates a total of eight fish farming licences. The Senja area is an attractive location with good conditions for fish farming and limited lice problems. The Group had almost full utilisation of it's MAB at Senja during 2012. The Group's two companies on Senja harvested a total of 6,620 tonnes in 2012, which is almost full production capacity and an increase of 46 per cent on the previous year.

The Southern Region

The Southern Region is represented by the wholly owned subsidiary NRS Feøy AS. The company holds six licences in this region, and its activities are located in the border region between Hordaland and Rogaland. NRS Feøy AS has a working relationship with Hellesund Fiskeoppdrett AS to reduce biological risk and increase harvest volumes. Parts of the production take place in Agder, which does not have problems with PD and salmon lice. NRS holds a 33.5 per cent share of Hellesund Fiskeoppdrett AS, which owns three licences. A total of 7,218 tonnes were harvested in the Southern Region in 2012, which is almost full production capacity and an increase of 22 per cent on 2011. The Southern Region had almost full utilisation of it's MAB during 2012. At the end of the year the Southern Region was given exemption from the requirement of having MAB zones based on counties. With a single MAB zone, the operations in Hordaland and Rogaland can be operated as

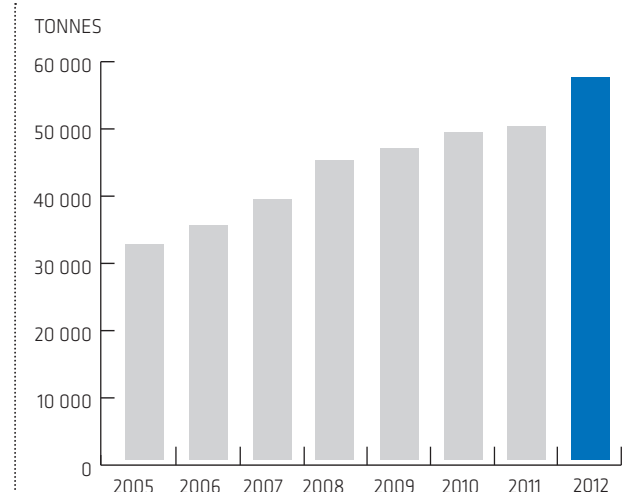


one unit. This will result in smoother production, and in the long run to a more profitable farming operation.

Sales with international focus

Sales activities comprise the trading of salmon, as well as the Group's business linked to chain activities. NRS has its own dedicated sales and marketing organisation that buys and sells farmed fish through a comprehensive network. In a competitive market, this ensures good access to high-quality fish from a network consisting of own subsidiaries, associates, chain members and external producers. The principal products are fresh and frozen salmon, which were sold to customers in 44 countries in 2012. Around 97 per cent of all the company's sales were made to the international market. Western Europe accounted for 50 per cent of the company's exports, while the remainder were sold to countries in Eastern Europe (14 per cent), Russia (19 per cent), the Middle East (2 per cent) and Asia (15 per cent).

Since its establishment, the sales turnover has increased steadily year after year. In 2012, the company sold 57,623 tonnes, which represents a 14 per cent increase on the previous year. More than 86 per cent of the fish is purchased from associated producers that have entered into chain agreements with the Group or from the Group's own fish farming operations. The share of the sales of fish from the Group's fish farming operations (36 per cent in 2012) is increasing steadily.



Volume sold in sales organisation

The chain activities in NRS comprise a range of service offers intended to allow our partner producers to enjoy benefits of scale to which they would not otherwise have access. This applies, for example, to shared agreements about feed purchases as well as the implementation of legal requirements regarding quality work and food safety. The fish farmers that have entered into chain agreements with the Group, are obliged to sell a minimum of 75 per cent of their production through NRS.

Growth of 1 billion new meals in 2012 creates major market opportunities in the coming years

«In Norway, the development has been tremendous and almost exponential since the beginning in 1970.»

2012 was another exciting year for NRS and the Norwegian salmon industry. The value of Norwegian salmon exports was NOK 29.6 billion and exports volume increased by more than 18 per cent to 1,136,906 tonnes (measured as round weight). Including domestic demand, over 1.2 million tonnes of Norwegian salmon (measured as round weight) were produced and eaten. This is the highest produced, sold, exported and consumed volume of Norwegian Atlantic salmon ever.

2012 was a year of relative stable salmon prices. Average spot price (FCA Oslo) was NOK 26.20 per kg. This represents a fall of 16 per cent from NOK 31.27 per kg in 2011. The highest spot price was recorded at NOK 32.42 per kg in the last week of the year. The spot price was at its lowest at NOK 21.78 per kg in week 39.

The fall in prices of 16 per cent to 26.20 per kg was substantial, but less than feared by the industry at the beginning of the year. The reason for the uncertainty at the beginning of the year was the significant supply growth market players anticipated to come. The growth in 2012 was around 350,000 tonnes, a growth of 22 per cent. This is the highest growth ever recorded in the salmon industry. The growth alone represents over 1 billion meals being produced, sold and consumed in 2012. On a global basis 1.97 million tonnes Atlantic salmon was produced in 2012, which represents around 6 billion meals.

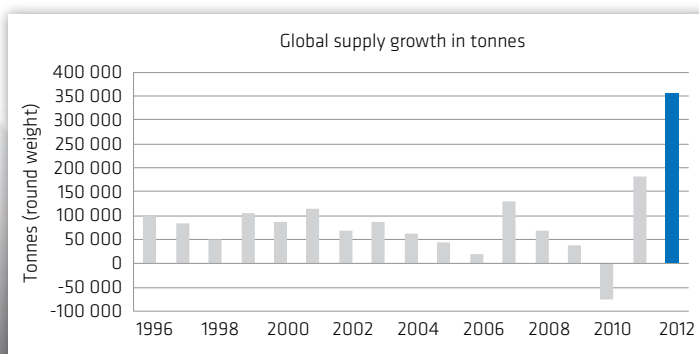
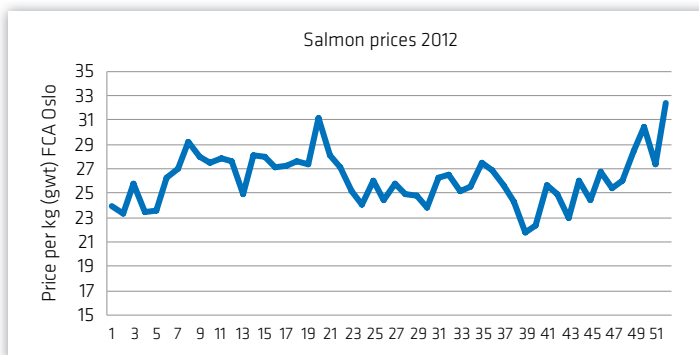
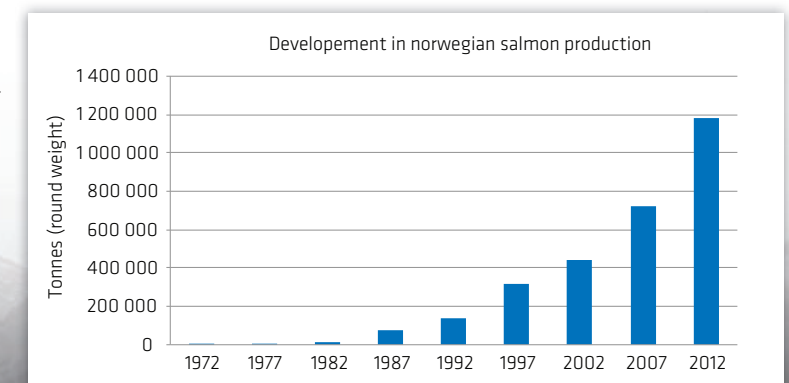
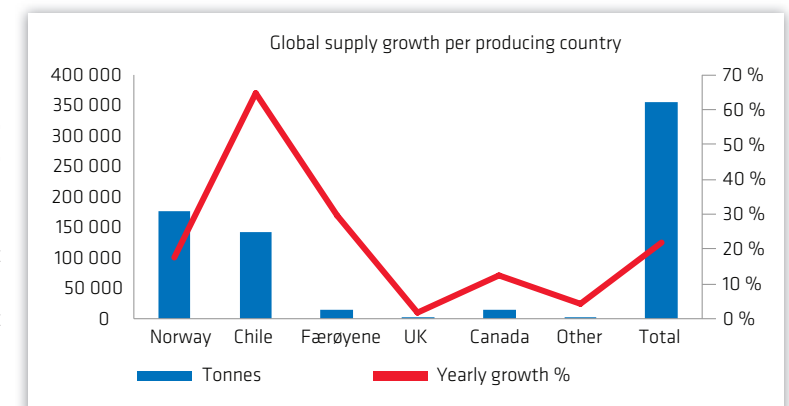
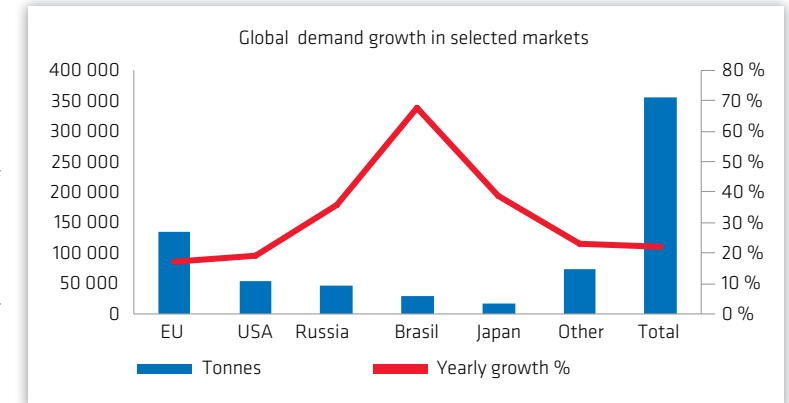
The production growth was primarily due to a significant growth in Chile and Norway. In Norway, supply grew by 177,000 tonnes (18 per cent). The highest growth was recorded at the beginning of the year due to improved operations, reduced biological challenges and better sea temperatures. In the first quarter the growth was 28 per cent while it was 7 per cent in the fourth quarter. Chile is working hard to regain lost market shares. The growth in 2011 and 2012 was substantial. In 2012 production increased by 143,000 tonnes (65 per cent) compared with 2011. With this growth Chile is at full speed back to regaining their lost market shares. The development of the Faroe Islands, the United Kingdom, Canada and other salmon producing countries had limited effect on the growth in the global salmon market in 2012.

«The production growth was primarily due to a significant growth in Chile and Norway.»

The prices have been on a level that has increased the demand for salmon products significantly. Most salmon consuming countries increased their volume through 2012. The EU, previously considered a mature market, increased its consumption by as much as 134,000 tonnes (17 per cent) in 2012. Russia had a growth of over 45,000 tonnes (36 per cent), Brazil experienced a growth of 29,000 tonnes (67 per cent) and a well developed seafood market as Japan, increased its consumption by as much as 18,000 tonnes (39 per cent). This tremendous market growth gives rise to a huge market potential in the coming years.

In Norway, the development has been tremendous and almost exponential since the beginning in 1970. In 2012, the report «Creating value based on productive seas in 2050» was made by a working group appointed by the Royal Norwegian Society of Sciences and the Norwegian Academy of Technological Sciences. The report predicts that Norwegian salmon production will 5-double from 2010 levels to 5 million tonnes round weight in 2050. Such figures sound tremendous, but nevertheless imply a significantly lower annual growth rate than the industry has had so far. NRS believe that if able to create an even more sustainable industry than we have today, the goal is realistic.

2012 was an eventful year for NRS, Norwegian and global salmon industry. Consumption growth has been substantial and the salmon industry now covers a market larger than ever before, providing even greater opportunities for the future.



Sustainable fish farming

Improved standards of living worldwide have sharpened the focus on the production of healthy and nutritious food. Seafood – especially fatty fish such as salmon – is considered to be particularly healthy.

In a time of increased demand for seafood, Norway Royal Salmon is committed to contributing to sustainable development, with focus on food safety, the health and welfare of the fish, and protection of the environment and surroundings – along with the well-being and occupational health and safety of the employees. These are factors that customers, consumers and the company’s employees are concerned about.

Global requirements

The work to maintain and develop a high, sustainable standard for the entire company is firmly based on the requirements laid down in the GlobalGAP standards. GlobalGAP, which is a non-governmental organisation, has set up a strict voluntary standard for producers and players in the fields of agriculture and aquaculture. The principal objective of the standard is to make it possible to document to consumers that the food has been generated with only minimal impact on the environment and surroundings. GlobalGAP lays down a solid base for high food safety, employee safety and the health and welfare of the fish. The main principles of the standard are risk assessment, environmental protection and good aquaculture procedures which minimize production impact on the environment, and global criteria for environment and employee health and safety. The latter, in addition to the local and national social responsibilities that exist are. Finally the standard sets the criteria for how the welfare and health of the fish shall be ensured. The Group was awarded GlobalGAP-certificate in 2012.



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

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

Traceability and food safety

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

Fish health and welfare

The company focuses intently on creating good health and welfare conditions for the fish by applying established procedures and routines. This prevents illness and reduces mortality and demanding treatments in the wake of the outbreak of disease. All medications for treating the fish are approved by the Norwegian authorities and prescribed as required by veterinarians. Norway Royal Salmon’s harvesting plants are run according to the guidelines in the FAO/WHO Food Standards, Codex Alimentarius, and are approved in accordance with the Norwegian Food Safety Authority regulations.

Environment and sustainability

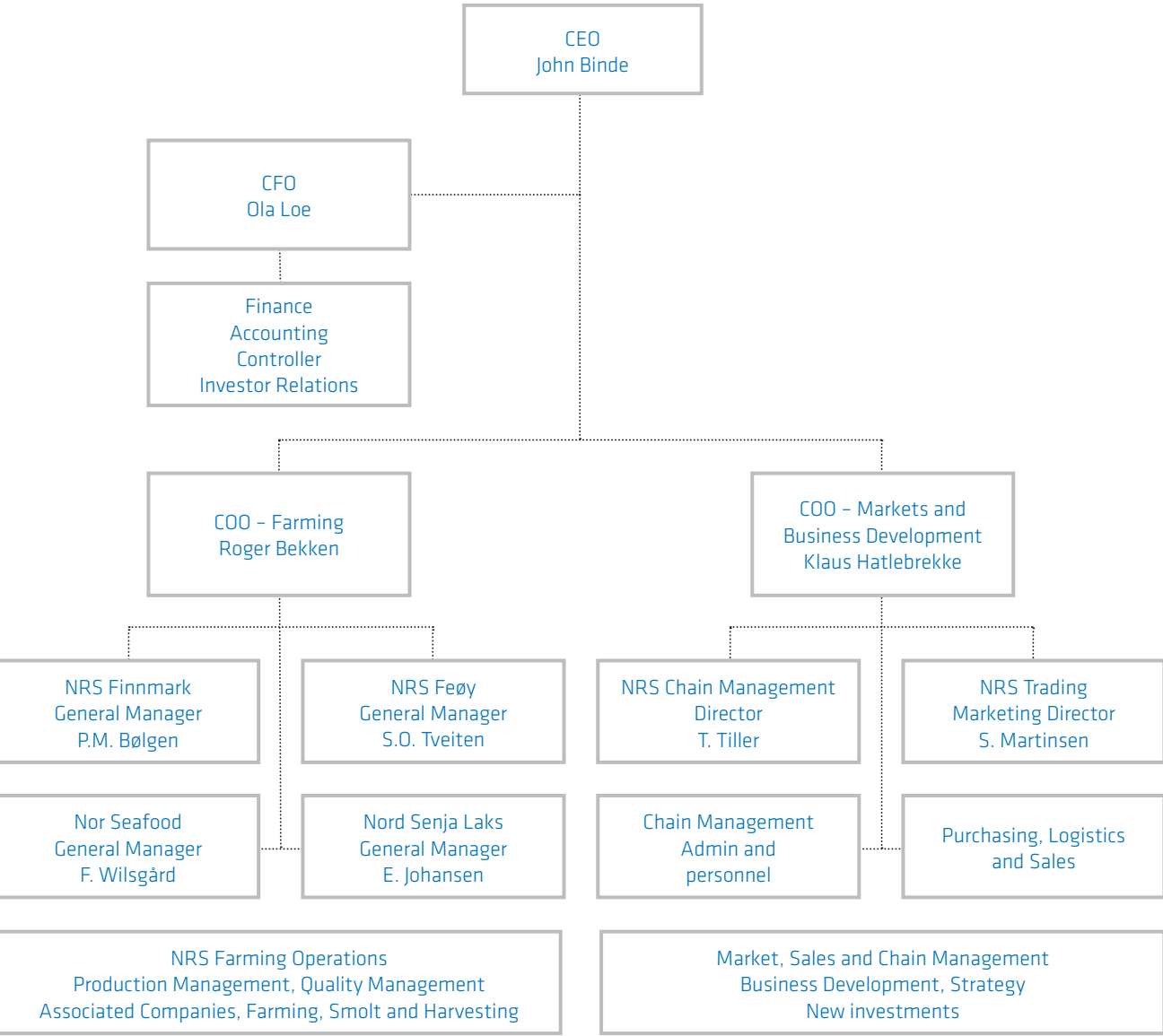
Norway Royal Salmon has set up a range of control and steering systems to protect the environment in and around the fish farming facilities. In order to achieve profitability in the short and long terms, sustainable operations are crucial to both the fish and the farmers. In addition, all feed systems are adapted to match the appetite of the fish. This helps prevent overfeeding. At the same time, the sediment levels under the farming facilities are checked at regular intervals. This makes it possible to identify any biological or environmental changes at an early stage.

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

Organisation

NRS’s internal organisation reflects the Group’s company structure. The organization of the group is divided into two main parts where all farming operations are gathered under one area of responsibility and all other activities (including

marketing, sales, chain operations and business development) under one another. This organisation clarifies the Group’s main business, and enhance focus on and targeted development of these key areas.



Management



JOHN BINDE (1959)
Chief Executive Officer

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



OLA LOE (1966)
Chief Financial Officer

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



ROGER BEKKEN (1967)
Officer Farming Operations

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



KLAUS HATLEBREKKE (1974)
Chief Operating Officer market and business development

Klaus Hatlebrekke holds a Master degree in Business and Economics from Norwegian School of Management. Mr. Hatlebrekke was an analyst of the seafood sector at DnB NOR Markets for more than 10 years. Hatlebrekke joined the Company in April 2012. He resides in Trondheim, Norway.

The Board of Directors



HELGE GÅSØ (1961)
Chair

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



KRISTINE LANDMARK (1954)
Vice Chairman

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



ENDRE GLASTAD (1971)
Board member

Endre Glastad holds a Master of Economics and Business Administration from the Norwegian School of Economics and Business Administration (NHH). He is currently chairman of the board of Glastad Invest AS and owns 39.9 % of the shares in Glastad Holding AS which again owns 100 % of the shares in Glastad Invest AS. He is a professional investor in a number of businesses in Norway and abroad. Mr. Glastad is a Norwegian citizen and resides in Farsund, Norway.



INGE KRISTOFFERSEN (1942)
Board member

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



ÅSE MARIE VALEN OLSEN (1969) Board member

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



EVA VON HIRSCH (1950)
Board member

Eva von Hirsch holds a Ph.D. from Durham University in anthropology – the study of culture and specializes in corporate culture, business analysis and cultural synergies. She has many years of national and international management experience and holds a number of directorships in listed companies. Eva von Hirsch is a Norwegian citizen and resides in Bergen, Norway.

Shareholder information

NRS had 649 shareholders at 31 December 2012 (1,352). The 20 largest shareholders owned 84.54 per cent of the shares at 31 December (79.58 per cent).

Share capital

Norway Royal Salmon ASA had 43,572,191 ordinary shares with a nominal value of NOK 1 per share at 31 December 2012. The company has only one share class, and each share has one vote. The company's shares are freely transferable.

Prevailing board authorities

At the company's ordinary general meeting 22 May 2012, the board was authorised to purchase treasury shares up to a total nominal value of NOK 4, 357,219. The lowest and highest price that can be paid for the shares is NOK 1 and NOK 45 respectively. The authority remains valid until 30 June 2013.

Option schemes

An option scheme for the senior management was established in connection with the listing of the company on Oslo Stock Exchange in 2011. Currently 6 employees

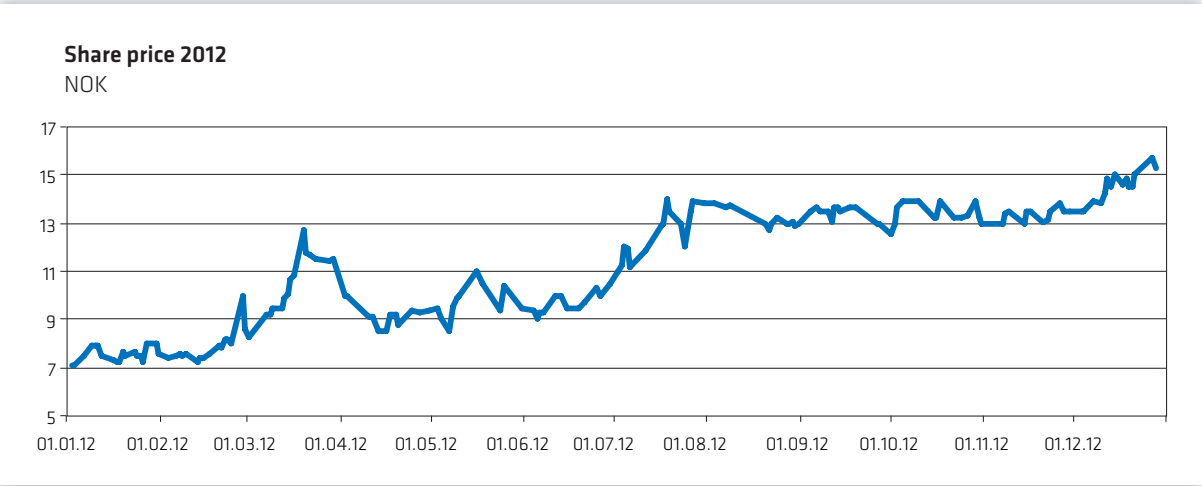
are included in the programme. Detailed information is provided in note 5 to the group's annual accounts.

Listing

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

Share price development and liquidity

The share had a closing price at 31 December 2012 of NOK 15.30 per share. A total of 6,498,262 shares were traded during the year. The NRS share price increased by 105 per cent during 2012. The main index at the Oslo Stock Exchange increased 12.46 per cent in the same period. The company's total market value at 31 December 2012 was NOK 666.7 million. The positive price and liquidity developement of the share has continued in 2013.



Ownership structure – the 20 largest shareholders as of 31 December 2012:

Shareholder	No. of shares	Shareholding
Gåsø Næringsutvikling AS	6 259 724	14.37 %
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 %
Kverva AS	2 501 715	5.74 %
Lovundlaks AS	2 292 454	5.26 %
Nyhamn AS	2 013 371	4.62 %
Sparebanken Midt-Norge Invest AS	1 656 663	3.80 %
Hellesund Fiskeoppdrett AS	1 541 450	3.54 %
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 %
Gry Marit Eikremsvik	430 000	0.99 %
Alf Pedersen	267 503	0.61 %
Barbinvest AS	252 850	0.58 %
Kontrari AS	250 000	0.57 %
Måsøval Fishfarm AS	240 219	0.55 %

The share in 2012

Highest traded price	NOK	15.70
Lowest traded price	NOK	7.10
Share price at 31 December	NOK	15.30
Outstanding shares at 31 December	Number	43 572 191
Market value at 31 December	NOK	666 654 522

Financial Calendar 2013:

19.02.2013	Presentation of preliminary annual results 2012
08.05.2013	Presentation Q1 2013
22.05.2013	Annual General Meeting 2013
15.08.2013	Presentation Q2 2013
12.11.2013	Presentation Q3 2013

Please note that the financial calendar may be subject to change. Changes will be communicated. The Board will not request payment of dividend for 2012 to the Annual General Meeting.

Analyst coverage

Stockbroker	Phone
Carnegie ASA	+47 22 00 93 57
DNB Bank ASA	+47 22 94 89 94
Fondsfinans ASA	+47 23 11 30 27
Nordea Markets	+47 22 48 79 83
Pareto Securities AS	+47 24 13 21 15
SpareBank 1 Markets	+47 24 14 74 75



NRS supports both elite and youth sports

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

We wish to support activities in the local communities where our businesses operate and therefore provide support to local sports clubs. In Finnmark we support, among others, the Team Nordlysbyen Ski which is a collaboration between several local sports club offering a training community for junior and senior cross country athletes.

To have an insight into our markets and customers is also important. Biathlon is a popular sport not only in Norway but also in France, Germany and Russia which are big markets for us. We have for several years had a partnership with biathlete Tarjei Bø. We like to take this opportunity to congratulate him with a great effort in the World Championship. Given the problems he has had in preparation for this championship, it's incredibly good results he can show for himself.

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



Corporate governance

Norway Royal Salmon ASA (NRS) is listed on the Oslo Stock Exchange. The first trading date for the company's shares was 29 March 2011. The board and management of NRS review the company's corporate governance procedures each year in order to be able to allocate roles between shareholders, the board and general management in an optimal fashion. NRS comply with the Norwegian Code of Practice for Corporate Governance of 23 October 2012. The Code of Practice can be found on www.nues.no. The report below explains how NRS comply with the Code, and deviations from the Code are commented on.

1 Implementation and reporting on corporate governance

Sound corporate governance is based on clear and transparent relations between shareholders, the board of directors and company management. Effective corporate governance will underpin credibility and trust between all stakeholders, and provide a sound basis for value creation and robust financial performance. Norway Royal Salmon (NRS) attaches great importance to efficient corporate governance, and the company's corporate governance guidelines have been drawn up in accordance with the Norwegian Code of Practice for Corporate Governance.

This statement is in accordance with Section 3-3b of the Norwegian Accounting Act and follows the guidelines of the Norwegian Code of Practice for Corporate Governance (NUES). This statement is a part of the Board of Directors report and is in accordance with the Norwegian Public Companies Act § 5-6, 4 paragraph.

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

2 Business

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

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

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



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

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

3 Equity and dividends

Equity

As of 31 December 2012 the Group's total equity amounted to KNOK 607,769, which represented 36.3 per cent of its total assets. The board deems this to be satisfactory. The board shall maintain a level of equity commensurate with the company's objectives, strategy and risk profile.

Dividend policy

The company aims to provide a dividend level that reflects the company's value creation in the form of dividends, and increases in the company's share price. Dividends shall remain stable over time, and should amount to 30 to 40 per cent of consolidated net profit, provided that the

company's own capital requirements have been satisfied. Ultimately, the aim is for share price increases rather than dividends to contribute more to value creation.

The Annual General Meeting sets the annual dividend based on a proposal from the board, which represents the maximum possible dividend. The board proposes not to pay dividend for the 2012 financial year.

Capital increase

At the Annual General Meeting of 22 May 2012, the board was authorised to issue up to 4,357,219 shares with a nominal value of NOK 1 per share. This mandate allows the board to vary the preference rights on share subscription.

The board mandate covers consideration of the acquisition of other companies and the raising of capital to strengthen the company's position. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2013.

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

Purchase of treasury shares

At the Annual General Meeting of 22 May 2012, the board was authorised to purchase up to 4,357,219 treasury shares with a nominal value of NOK 1, which corresponded to 10 per cent of the share capital at the time of authorisation. For acquisitions, the purchase price per share should be no lower than a nominal value of NOK 1, and no higher than NOK 45 per share. The board may choose the exact method of acquisition or sale. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2013.

4 Equal treatment of shareholders and related-party transactions

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

Share classes

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

Purchase/sale of treasury shares

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

Related-party transactions

Services were purchased from a company owned by the Chair in 2012. These services were purchased on market terms and conditions. Further information on the transactions is found in Note 28 to the consolidated financial statements.

Guidelines for board members and senior executives on conflicts of interest

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

5 Freely negotiable shares

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

6 General meetings

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

Notice

All shareholders have the right to propose items for the agenda, and to participate, speak and vote at the general meeting, provided that their shareholding is entered in the Norwegian Central Securities Depository (VPS). The Annual General Meeting is held within six months of the end of the accounting year, and in 2013 is scheduled for Tuesday 22 May. The financial calendar is published as a stock market notification and on the company's website. The convening of the general meeting shall be notified in writing to all shareholders whose address is known, no later than 21 days before the meeting is due to be held. Notification, agenda documents, proposed resolutions, the Nomination Committee's justified nominations and registration and mandate forms, are made available to the shareholders on the company's website and as a stock market notification, no later than 21 days prior to the date of the meeting. In accordance with the company's Articles of Association, a shareholder may also contact the company and request despatch of documents relating to the items to be considered by the general meeting. Agenda documents shall contain all information required by shareholders to form a considered opinion on all items to be reviewed. All shareholders who are registered in the VPS receive notice of the meeting and have the right to propose motions and to vote directly or via proxy. Shareholders may register for the general meeting in writing or by post, email or fax. Shareholders who are unable to attend in person may vote by proxy. An individual proxy is required for each item that is to be considered.

Implementation

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

7 Nomination Committee

The structure of the Nomination Committee is established in the company's Articles of Association. Rules of procedure have been established for the committee's work. The Nomination Committee's remit is to nominate board members to be elected by shareholders to the general meeting. The Board Chair shall be specifically nominated. The Nomination Committee also provides recommendations on fees paid to elected board members.

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

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

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

8 The board's composition and independence

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

Election of the board and the composition of the board

The Nomination Committee proposes members to be elected to the board by shareholders at the general meeting. All the board members, including the Chair, are elected by the general meeting. In accordance with the company's Articles of Association, the board comprises three to nine members. No new representatives was elected at the most recent election at the Annual General Meeting, but two of the representatives were re-elected, after which the board comprised six representatives, all elected by the shareholders. The board currently comprises Helge Gåsø (Chair), Kristine Landmark (Vice Chair) and board members Endre Glastad, Inge Kristoffersen, Eva von Hirsch and Åse Valen Olsen. Board representatives are normally elected for a term of office of two years. To secure continuity of board work, the aim is to re-elect half of the board representatives at any one time each year.

The board's independence

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

Board competence and shareholdings

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

9 The work of the board of directors

The board's duties

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

The board shall ensure that the company's operations are properly organised at all times by establishing overarching principles for the company's operation and development, including guaranteeing that the Group has sufficient funding and appropriately qualified personnel. The board shall ensure that the objectives adopted by the general meeting are implemented in practice. The board shall play a controlling as well as proactive role, and divide its work between strategic processes, control activities and provi-

ding consultancy for the CEO. The board shall keep itself informed of the company's financial position and has a duty to ensure that operations, accounting and asset management are subject to proper scrutiny.

Rules of procedure for the board

The board's rules of procedure were adopted at the board meeting of 15 May 2012. The rules cover the following areas: the board's remit, convening of and matters to be reviewed at meetings, the board's decisions, duty of confidentiality and incapacity, the board's self-assessment and the CEO's obligations to the board.

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

Board committees

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

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

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

Rules of procedure for the CEO

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

Frequency of meetings

A minimum of six board meetings shall be held each year.

Where required, extra board meetings are held to consider urgent items that need to be reviewed before the next board meeting. A total of eleven board meetings were held in 2012.

Financial reporting

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

The board's evaluation of its own work

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

10 Risk management and internal control

Effective risk management and sound internal controls are critical to the successful performance of NRS, and form an integral part of the company's business operations. The ability to plan, structure, perform and evaluate projects is a key area of the business. The management of the company's operations is based on predetermined financial targets.

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

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

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

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

All Group units report their financial statements monthly, based on a common chart of accounts. The accountant of the unit is responsible for the accuracy of the reported figures and that the financial reporting is in compliance with the Group's accounting principles. In addition, general and analytical controls of the reported figures together with consolidation are performed at corporate level. The reports are analysed on group, company and project level by the group management. Reporting covers both finan-

cial and non-financial parameters. Focus is placed on profitability and risk within each business area. Performance monitoring is accorded high priority, and measures are implemented in areas where results fall short of required levels. Disclosures are reported in connection with the quarterly and the annual reporting. Extended controls are carried out in the quarterly and the year-end reporting processes.

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

The purpose of risk management and internal controls is to manage risks associated with the business and to enhance the quality of financial reporting. Effective risk management and sound internal controls help to safeguard shareholders' investments and the company's assets. The board believes that NRS has a sound internal control and risk management system, which is tailored to suit the needs of the business. The board's annual plan includes an annual review of the company's risk areas and internal control systems, as well as values and ethical guidelines.

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

Ethical guidelines

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

11 Remuneration of the board of directors

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

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

Other information on fees and remuneration paid to the board is disclosed in Note 5 to the consolidated financial statements. Resolutions on fees are recorded in the minutes of the Annual General Meeting each year and are displayed on the company's website.

12 Remuneration paid to senior executives

The Board determines the principles applicable to the Group's policy for senior executive compensation. The Board is directly responsible for the determination of the CEO's salary and other benefits. The CEO is responsible for the determination of the salary and other benefits for the Group's other senior executives. The Group's senior executives include the management team of the Group.

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

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

Remuneration of the Company's CEO and the executive management team is disclosed in the Annual Report note 5. The Board prepares a statement in compliance with the Public Limited Liability Companies Act regarding remuneration of the executive management team for the consideration by the AGM.

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

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



For additional information on the different elements, reference is made to the Annual Report note 5.

13 Information and communication

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

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

The company's financial calendar, providing details of the

date of publication of important events like the Annual General Meeting, is displayed on the company's website, along with a presentation of the company's interim financial reports and other important events.

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

14 Take-overs

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

to the shareholders on acceptance or non-acceptance. The board's statement will indicate whether the board is unanimous in its recommendation.

15 Auditor

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

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

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



Board of Directors report for 2012

«The group achieved full utilization of its MAB during the fourth quarter 2012.»

Group operations and locations

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

The Group's business idea is, through its proximity to production and a high level of professional competence, to supply the market with farmed fish products of a uniform standard and high quality. Efforts are made to sell all products under the Norway Royal Salmon brand name. The strategy of the Group is to run effective fish farming operations, as well as to sell the output our own production and from our partners.

The Group's fish farming operations are divided into two regions. The Northern Region comprises fish farms located in West Finnmark and on Senja and has 19 licenses. The Southern Region comprises fish farms located in Hordaland and Rogaland and has 6 licenses. Sales operations are conducted from the company's two offices in Trondheim and Kristiansand. In addition, the Group has shares in seven associates. Of these, three are fish farming companies with a combined total of eight licences, two are harvesting companies, and two are hatcheries.

Highlights in 2012

2012 was a challenging and eventful year for Norway Royal Salmon. 2012 was characterised by good growth and operations, but with lower salmon prices than in the year before. The fish farming operations increased the harvest volume with 13 per cent from 2011. At the same time, the Group has achieved full utilisation of its MAB and laid the foundation for further growth and improved production costs.

- The Group generated operating revenues of NOK 1,744.3 million, and EBITDA before non-recurring events of NOK 60.8 million.
- Fish farming had a harvest volume of 21,162 tonnes in 2012, an increase of 13 per cent from last year. The operation in 2012 has been characterised by satisfying production in the Northern Region and slightly too high production costs in the Southern Region.
- The trading business increased sold volume, but achieved lower margins than normal. Sold volume for 2012 was 57,673 tonnes.
- 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 increased 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 42.4 million.
- NRS has received a waiver from the requirement that net interest bearing debt shall not exceed 6.5 times a four-quarter rolling EBITDA. The waiver is applicable for 2012 and the first half of 2013. The requirement of 6.5 is applicable from the third quarter of 2013.

- The Group acquired 10 per cent of the shares in the hatchery Ranfjord Fiskeprodukter AS. The Group now owns 37.75 per cent of the company.
- A cost of NOK 9.9 million was recorded as non-recurring items. The reason was extraordinary mortality caused by high algae flora (flagellates) and low oxygen levels in a cage at a processing plant.
- The Group achieved full utilization of its MAB during the fourth quarter 2012. A significant increase in working capital tied up in biomass going forward is therefore not expected.
- Region South operates fish farming in both Hordaland and Rogaland county. Region South has been granted exemption from the requirement of separate regional production zones and now has one MAB-border for its entire operations. The exemption provides a better basis for more efficient operations in region.
- The Group was awarded GlobalGap-certificate in 2012. GlobalGAP lays down a solid base for high food safety, employee safety and the health and welfare of the fish

Financial performance

The income statement

Norway Royal Salmon generated consolidated operating revenues of NOK 1,744.3 million in 2012, compared with NOK 1,734.0 million in 2011. Despite increased volume is the revenues relatively unchanged from 2011, a result of the average price of salmon was 16 per cent lower. The Group had a conso-

lidated operating result of NOK 69.8 million (2011: NOK -25.9 million). Operational EBIT totalled NOK 30.3 million (2011: NOK 47.3 million). The Group's consolidated net result for the year totalled NOK 31.6 million (2011: NOK -1.6 million).

The Group recognised NOK 10.5 million in share of the result from associates in 2012 (2011: NOK -1.7 million). The Group's associates harvested a combined total of 7,157 tonnes in 2012, compared with 4,367 tonnes in 2011. The Group's share of the volume was 2,620 tonnes compared with 1,493 in 2011. In 2012, the Group had net interest expenses of NOK 35.5 million (2011: NOK 28.0 million).

The parent company made a net result for the year of NOK -12.1 million in 2012 (2011: NOK 57.0 million). Operating result totalled NOK 4.2 million, compared with NOK 3.6 million in 2011. The volume sold by the parent company rose from 50,428 tonnes in 2011 to 57,673 tonnes in 2012. The increase in operating profits is mainly due to increased volume. The decrease in the company's net result for the year can be attributed to a fall in share of the profits from investments in subsidiaries and associates from NOK 19.1 million in 2011 to NOK -4.41 million in 2012, and that the parent company recognised a profit of MNOK 41.4 million when selling the shares of Larssen Seafood and Lingalaks in 2011.

Fish Farming:

The fish farming business generated gross operating revenues of NOK 537.2 million in 2012 (2011: NOK 500.8 million), an increase of 7.3 per cent. The rise is due to the volume of fish harvested increased by 12.7 per cent in 2012. The fish farming business harvested a total of 21,162 tonnes in 2012, compared with 18,781 tonnes in 2011. The rise in harvested volume is the result of increased utilisation of existing licences. The average price in 2012 was lower compared to 2011, but increased volume contributed to the revenues being higher than in 2011. The fish farming business made an operational EBIT of NOK 1.23 per kg (2011: NOK 2.19). Operational EBIT totalled NOK 26.1 million (2011: NOK 41.2 million). The decline in operating result was mainly due to lower prices. The fish farming business increased the volume of its biomass in the sea from 16,128 tonnes at the start of the year to 20,697 tonnes at the close.

The Northern Region generated gross operating revenues of NOK 348.0 million in 2012 (2011: NOK 348.4 million). The segment harvested a total of 13,944 tonnes in 2012, compared with 12,871 tonnes the year before, an increase of 8.3 per cent. The Group has 19 fish farming licences in the Northern Region, of which five are in Senja and 14 in western Finnmark. The segment made an operational EBIT of NOK 21.5 million (2011: NOK 46.1 million). Operational EBIT came to NOK 1.54 per kg harvested in 2012 (2011: NOK 3.58).

In 2012, the Southern Region generated gross operating revenues of NOK 189.3 million (2011: NOK 152.4 million). The segment harvested a total of 7,218 tonnes in 2012, compared with 5,910 tonnes the year before, an increase of 22.1 per cent. The Group operates six licences in the Southern Region. The segment had an operational EBIT of NOK 4.7 million (2011: NOK

-5.0 million). Operational EBIT came to NOK 0.64 per kg harvested in 2012 (2011: NOK -0.84).

Sales:

Sales increased its gross operating revenues from NOK 1,685.6 million in 2011 to NOK 1,736.9 million in 2012, an increase of 3.0 per cent. The increase is due to increased volume, while lower prices have had an adverse effect on the revenues. The segment sold 57,673 tonnes during the year, compared with 50,428 tonnes the year before, a rise of 14.4 per cent. Sales had an operational EBIT of NOK 21.4 million in 2012 (2011: NOK 23.6 million), and a result before tax of NOK 13.1 million (2011: NOK 20.6 million).

Balance sheet

At the close of 2012, the Group had total assets of NOK 1,675.5 million (2011: NOK 1,467.3, million).

The increase in total assets is due to changes to several balance sheet items. Biological assets and accounts receivables have increased significantly. The Group has this year had more moderate investments in property plant and equipment unlike the previous years where there has been a considerable upgrade of facilities, as well as investments in feeding pontoons and fish farming boats. A total of NOK 34.7 million was invested in new operating assets during the year. The value of the biomass rose during the year from NOK 387.9 million to NOK 525.7 million. The increase in the value of the biomass is due to a real build-up of biomass at cost of NOK 83.3 million, at the same time fair value adjustments increased by NOK 54.6 million as a result of higher prices and larger biomass at the end of the year. At the close of the year, the Group's biomass totalled 20,697 tonnes, compared with 16,128 tonnes at the start of the year. The financial assets of the Group were increased by NOK 14.8 million mainly as a result of positive results in associated companies.

The Group's net interest bearing debt as at 31 December 2012 totalled NOK 566.1 million, compared with NOK 531.7 million at the close of the previous year. The increase in interest bearing debt can largely be attributed to the Group's investments in the build up of biomass. The Group achieved full utilization of its MAB at the end of the year. A significant increase in working capital tied up in biomass going forward is therefore not expected.

At the close of 2012, the Group had an equity ratio of 36.3 per cent, the same as at the close of 2011. The net increase in equity of NOK 75.1 million was mainly due to a positive total comprehensive income for the period of NOK 34.2 million, sale of treasury shares of NOK 11.7 million, and the share issue of NOK 30.5 million.

The parent company's total assets stood at NOK 990.0 million at the close of the year (2011: NOK 866.3 million). Total financial assets are relatively unchanged from the end of 2011. There has been a significant increase in accounts as a result of higher sales. Bank deposits have also increased as a result of posi-

tive operational cash flows, shares issue and sale of treasury shares. As at 31 December 2012, the parent company's equity ratio was 43.7 per cent (2011: 46.6 per cent).

Cash flow

The Group's cash flow from operating activities in 2012 was negative of NOK -2.8 million (2011: NOK -25.8 million). The cash outflow is mainly due to a considerable build-up of the biomass in 2012, which had a negative impact on cash flow of NOK 83.3 million.

Net cash outflows relating to investing activities in 2012 totalled NOK -37.0 million (2011: NOK -56.6 million). These are, for the most part, attributable to investments in operating assets of NOK 34.5 million.

The Group had cash and cash equivalents at the close of the year of NOK 9.9 million (2011: NOK 6.2 million). As at 31 December 2012, the Group had drawn NOK 457.0 of the facility of NOK 612.5 million.

In 2012, the parent company generated a positive cash flow from operating activities of NOK 23.4 million (2011: NOK 34.7 million). The positive cash flows are a result of an increase in accounts payables, while a decrease in accounts receivables has had the opposite effect. The investments in Ranfjorden Fiskeprodukter AS and Espevær Laks AS have resulted in a negative net cash flow from investing activities during the period of NOK 6.2 million (2011: positive NOK 37.0 million). The share issue and sale of treasury shares in 2012 gave a positive cash flow of NOK 42.2 million, including interest payments the cash flow from financing activities was NOK 35.2 million (2011: NOK -7.3 million).

The total positive cash flow in 2012 of NOK 52.3 million has resulted in net bank deposits totalling NOK 221.2 million for the parent company at the close of the year.

Going concern

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

Research and development

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

- Stress tests on salmon in cooperation with the University College of Bodø, the purpose of the project is to identify and improve bottlenecks in production which cause mortality or reduced quality of the salmon.

- Sore project is an internal project in collaboration with vete-

rinarians and other experts to identify and enhance biology and operations in order to reduce mortality and spoilage.

- Internal feed project; study the fish digestive and intestinal health to learn more about optimal feed composition and optimal feeding strategies.

- Internal project on the use of eggs with increased resistance to IPN and PD virus.

- Internal project on the use of lumpfish as an alternative to traditional cleaning fish.

- Internal project with ice skirts in Finnmark, in order to reduce the load on the cages and nets due to icing.

- Experiments on the production of Triploid salmon(sterile) to reduce the environmental impacts of escapes (in collaboration with hatchery).

- FHF project, measures to improve control of listeria in the salmon industry.

- FHF project, texture and fat in salmon fillets.

- FHF project, quality salmon.

- Participation in the FHF project together with SINTEF and other parties to increase the quality of nets to prevent escape.

Operational risk and risk management Fish Farming

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

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

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

Sites located in relatively open water have recently been put into operation, since these areas have favourable conditions for fish farming. This is extremely demanding for both employees

and equipment. The production facilities are constantly subjected to powerful natural forces, which represent a risk of damage to the equipment and subsequent risk of fish escaping. In the last years NRS has invested in new equipment of a high standard, which is capable of meeting our own and the public authorities' requirements with respect to fish escapes.

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

The Group was GlobalGAP certified in 2012, this increase the focus on risk management. To increase the resources in this field a new HR position has been created.

Sales

Operational risk in the sales segment is more limited than in the farming operations and includes; trade margins, contract risk and credit risk. We believe in positive sales growth in the coming years, but we might face challenges. Although the price of salmon has been volatile, the trade margins are normally not greatly affected. Margins are more influenced by the general competitive situation between farmers, exporters and customers. Economic downturns have normally affected the sale of salmon in a relatively small degree. However, a strong weakening of the economy in our key export markets can have a negative impact. It might result in lower sales and a price reduction in general, but also the risk of insolvency of some customers. The risk of the sales operations with regards to insolvency is limited, as most sales are covered by credit insurance.

The salmon industry has experienced trade barriers in several markets and over longer periods. Currently there are trade barriers in the trade with Russia and China. Significant changes to the conditions of trade involve risk for the Group. The sales operations sold fish to 44 countries in 2012 and such a sales spread limits this risk.

The sales operations are responsible for fixed price sales contracts. The main objective entering into sales contracts is to achieve rates that are favourable for the Group. In addition, the contracts reduce price movements for the Group. The contracts are usually entered for 3-12 months and normally constitute 10-40 % of the Group's own harvest in the subsequent three months. Contracts are bilateral against customers or financial against Fish Pool. The sales business enters into both financial purchase and sales contracts to hedge margins. The company enters only into contracts with solid and good counterparties.

Financial risk and risk management

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



Foreign exchange risk

Around 95 per cent of the Group's sales are in foreign currencies, with the largest exposure being to the EUR and USD. The Group's exposure to exchange rate fluctuations is a major part of the business activities affecting the Group's cash flows and profits. In accordance with the Group's guidelines, the Group employs both forward contracts and borrows in foreign currencies to reduce its exposure to foreign exchange risk.

Interest rate risk

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

Credit risk

At any given time, the Group has substantial sums outstanding,

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

Liquidity risk

Liquidity risk is a product of the Group's earnings, financial position and access to financing in the capital markets, and is defined as the risk that the Group will not be able to meet its day-to-day financial obligations. The largest single factor affecting liquidity risk is represented by fluctuations in the price of salmon. The Group has strengthened its financial position this year through the share issue and sale of treasury shares of NOK 42.2 million. There are covenants associated with the Group's borrowings which, at the close of 2012, NRS meet. Overall, the Group's liquidity risk is considered to be at an acceptable level.

Employees

The employees' efforts and contributions have been essential for NRS having an effective operation and increased volume in both the farming and sales business in 2012.

Working environment

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

As at 31 December 2012, the Group had 98 full-time employees, 33 of whom are employed by the parent company Norway Royal Salmon ASA. The Group had a sickness absence rate of 4.49 per cent in 2012 (2011: 4.25 per cent). The corresponding figure for the parent company was 2.3 per cent in 2012 (2011: 4.4 per cent). Two minor personal injuries occurred during the year. In a tragic accident on the 3rd July two private persons died when the NRS workboat "Maria" was wrecked in Store Kufjord in Finnmark under extreme weather conditions. The accident occurred when two employees of NRS gave assistance to a group of six people in a rubber boat. None of the others involved in the accident were physically injured in the accident.

Equality and discrimination

The aquaculture industry has traditionally been a male-dominated workplace. As at 31 December 2012, women made up 23.8 per cent of the Group's workforce. The corresponding figure for Norway Royal Salmon ASA was 47.2 per cent. The Group management is entirely made up of men. Three of the six members of the Group's board of directors are women. The Group aims to be a workplace in which women and men enjoy complete equality, and where there is no gender-based discrimination with respect to pay, promotion or recruitment. The Group aims to be a good workplace where there is no discrimination on the grounds of ethnicity, country of origin, colour, religious persuasion or reduced functional capacity.

External environment

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

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

Emissions from farmed fish into the sea take the form of excrement and feed residues. These are biodegradable organic materials. It is important that the emissions do not become too large, since this would constitute an added burden both to the environment and to the fish at the site. NRS has routines for monitoring this situation. Routine environmental tests are performed in accordance with the authorities' requirements

under NS 9410 Environmental Monitoring of Marine Fish Farms. Furthermore, we perform additional tests to ensure that the impact of our sites does not exceed acceptable levels. At the close of the year, all Group facilities had achieved the best environmental standard (level 1), equating to "little or no impact".

Salmon lice have a negative impact on the salmon and weaken the fishes' immune systems. As well as compliance with counting and treatment strategies initiated by the authorities, the Group has also developed its own plan for combating salmon lice in all regions. Due to their location, large parts of NRS' fish farming business will be marginally affected by lice. Our companies in the Northern Region have had low levels of lice throughout the year. Our operations in the Southern Region are significantly affected of the challenge of lice; the key strategy here is extensive use of locally caught wrasse.

The escape of fish is unfortunate with respect to wild salmon populations. There have not been any escapes from NRS's facilities in 2012. We are working continuously with respect to staff training, and have reviewed and improved our routines to achieve the industry's zero vision.

The share and shareholders

As at 31 December 2012, Norway Royal Salmon ASA had 43,572,191 shares divided between 649 shareholders. At the close of the year, the Group held no treasury shares.

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. At the end of the year the share price was NOK 15.30 (2011: NOK7.48).

Corporate Governance

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

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

Social Responsibility

NRS conducts its business in a number of local authority areas and local communities. In several of these, the Group is a major

employer. The aquaculture industry has a substantial ripple effect, with each full-time job creating the foundation for an additional 1.7 full-time jobs in ancillary businesses.

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

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

Market conditions and future outlook

2012 was another exiting year for NRS and the Norwegian salmon industry. The value of Norwegian salmon exports was NOK 29.6 billion and exports volume increased by more than 18 per cent to 1,136,906 tonnes (measured as round weight). Including domestic demand, over 1.2 million tonnes of Norwegian salmon (measured as round weight) were produced and eaten. This is the highest produced, sold, exported and consumed volume of Norwegian Atlantic salmon ever. The increase in volume affected prices negatively throughout the year. Average spot price (FCA Oslo) was NOK 26.20 per kg in 2012 (2011 NOK 31.27), a decrease of 16 per cent. Most markets consumed more salmon in 2012 than in 2011, but it was the growth in the Asian and Eastern European markets that was strongest.

Norway Royal Salmon ASA sold 57,673 tonnes, an increase of 14 per cent. Most of this was fresh gutted salmon. The share of in-house produced salmon sold through the sales business totaled approx. 37 per cent. Exports were divided on 44 countries, of which approx. 50 per cent were sold in Western Europe. Apart from this the export was divided between Asia (16 per cent) and Russia/Eastern Europe (33 per cent).

It is expected production in Norway in 2013 will be on the same level as 2012. At the same time, it is expected an increase in the production of Atlantic salmon in Chile, but the growth is expected to be less than in 2012. With a diminishing growth a higher price level is expected in 2013. The demand in the market is strong and has consumed high volumes in 2012 and so far in 2013. The prices have so far this year been on a significantly higher level than in 2012. Our assessment is that there is a strong demand for salmon that will enable the market to consume the supply of salmon at higher prices than in 2012.

Despite economic challenges in Europe, we believe in a positive sales development in most countries. Historically it has been shown that economic downturn normally not weakens demand for salmon significantly. Salmon is now established as a nutritious and good alternative for European consumers. We believe in a continued positive development in Russia, other parts of Eastern Europe and Asia in 2013, despite the fact that a higher price level on salmon can make certain markets buy less than last year. We mean the position Norway Royal Salmon has developed in the markets will make it possible for the Group to improve its market share of Norwegian export in 2013.

Allocation of profit for the year

The parent company, Norway Royal Salmon ASA, made a net profit for the year of KNOK 12,122 in 2012. The Board of Directors proposes not to pay dividend and the following allocation of the net profit for the year:

To the reserve for valuation variances	KNOK 7,050
Transferred to other equity	KNOK 5,072
Total allocation of funds	KNOK 12,122

The distributable reserve after dividend provisions totals NOK 202.3 million.

Haugesund, 11 April 2013



Helge Gåsø
Chair



Kristine Landmark
Vice-Chair



Endre Glastad



Inge Kristoffersen



Åse Marie Valen Olsen



Eva von Hirsch



John Binde
CEO

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Consolidated income statement

(NOK 1 000)	Note	2012	2011
Operating revenues	4	1 744 266	1 734 022
Cost of materials	28	1 540 290	1 549 263
Personnel expenses	5,8	71 764	60 595
Depreciation	12	30 449	26 043
Other operating expenses	6,7,18,26,28	71 428	50 865
Total operating expenses		1 713 931	1 686 766
Operational EBIT		30 335	47 257
Non-recurring items	6	-9 919	-2 500
Fair value adjustments	27	49 428	-70 627
Net operating result		69 844	-25 870
Financial items			
Income from associates	9,13	10 464	-1 689
Gain on realisation of associates and financial assets	3,9,13,15	0	41 608
Other interest income	9	422	338
Other financial income	9	244	1 407
Other interest expenses	9	-35 928	-28 363
Other financial expenses	9	-4 298	-4 597
Net financial items		-29 096	8 704
Result before tax		40 748	-17 166
Tax	10	-9 130	15 548
Net result for the year		31 618	-1 618
Profit attributable to:			
Owners of the parent company		28 191	2 140
Non-controlling interests		3 428	-3 759
Net result for the year		31 618	-1 618
Basic earnings per share (NOK)	21	0.66	0.06
Diluted earnings per share (NOK)	21	0.66	0.06

Consolidated statement of comprehensive income

(NOK 1 000)	Note	2012	2011
Net result for the year		31 618	-1 618
Other comprehensive income:			
Available-for-sale financial assets (net of tax)	10,15	1 985	-23 132
Cash flow hedges (net of tax)	25	588	0
Comprehensive income for the year		34 191	-24 750
Comprehensive income attributable to:			
Owners of the parent company		30 763	-20 992
Non-controlling interests		3 428	-3 759
Comprehensive income for the year		34 191	-24 750

Consolidated balance sheet

ASSETS (NOK 1 000)	Note	31.12.2012	31.12.2011
Assets			
Non-current assets			
Intangible assets			
Licences	11,23	502 887	502 887
Total intangible assets		502 887	502 887
Property, plant and equipment			
Land, buildings and other real estate	12,23	4 103	4 021
Machinery and equipment	12,23	95 457	89 013
Boats and floating assets	12,23	72 486	76 089
Fixtures, office equipment, etc.	12,23	6 853	8 187
Total property, plant and equipment		178 899	177 311
Non-current financial assets			
Investments in associates	13,23	110 860	96 087
Investments in shares and shareholdings	14,15,23	3 335	3 385
Other long-term receivables	14,18,23,28	4 673	3 766
Total non-current financial assets		118 867	103 238
Total non-current assets		800 654	783 436
Current assets			
Inventory	16,23	20 816	18 851
Biological assets	17,23	525 739	387 880
Total inventory		546 556	406 730
Receivables			
Accounts receivables	14,18,23	286 918	227 901
Other short-term receivables	14,18,23,25	31 545	43 021
Total short-term receivables		318 463	270 922
Cash and cash equivalents	14,19,22	9 854	6 205
Total current assets		874 873	683 857
Total assets		1 675 526	1 467 292

EQUITY AND LIABILITIES (NOK 1 000)	Note	31.12.2012	31.12.2011
Equity			
Share capital	20	43 572	39 611
Treasury shares		0	-1 467
Share premium fund		82 029	54 936
Retained earnings		441 183	402 354
Total equity attributable to owners of the parent company		566 785	495 433
Non-controlling interests		40 984	37 229
Total equity		607 769	532 662
Non-current liabilities			
Pension liabilities	8	9 040	8 480
Deferred tax liabilities	10	161 981	153 784
Non-current interest bearing debt	14,22,23	328 292	320 884
Total non-current liabilities		499 313	483 148
Current liabilities			
Current interest bearing debt	14,22,23	247 637	217 054
Accounts payables	14	292 655	219 868
Tax payable	10	780	0
Other current liabilities	14,24,25	27 371	14 560
Total current liabilities		568 444	451 482
Total liabilities		1 067 757	934 630
Total equity and liabilities		1 675 526	1 467 292

Haugesund, 11 April 2013


Helge Gåsø
Chair


Kristine Landmark
Vice Chair


Endre Glastad


Inge Kristoffersen


Åse Marie Valen Olsen


Eva von Hirsch


John Binde
Chief Executive Officer

Consolidated statement of cash flow

(NOK 1 000)	Note	2012	2011
Operational EBIT		30 335	47 257
Adjusted for:			
Taxes paid	10	0	-3 031
Non-recurring items		-9 919	-2 500
Depreciation	12	30 449	26 043
Gains (-) / losses (+) on sale of fixed assets		-341	-1 845
Sharebased payment		484	616
Pension costs with no cash effect		559	761
Change in inventories/biological assets		-85 255	-75 378
Change in account receivables and accounts payables		12 665	-8 459
Change in other current assets and other liabilities		18 194	-9 245
Net cash flow from operating activities		-2 828	-25 781
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		3 050	2 213
Payments for purchase of property, plant and equipment	12	-34 747	-89 803
Payments for purchase of licences	11	0	-4 600
Proceeds from investments in non-current financial assets	3,13,15	50	37 799
Payments for investments in non-current financial assets	3,13,15	-4 416	-2 203
Change in loans to associates and others		-907	-8
Net cash flow from investing activities		-36 970	-56 602
Cash flow from financing activities			
Receipts from new non-current debt		48 231	67 392
Non-current debt repayment		-29 331	-20 859
Net change in bank overdraft		19 090	60 664
Net payments share issue		30 499	40 112
Sale of treasury shares		11 740	143
Net interest payments		-36 781	-28 025
Dividend payment		0	-35 586
Net cash flow from financing activities		43 448	83 841
Net increase (+)/ reduction (-) in cash and cash equivalents		3 649	1 458
Cash and cash equivalents as of 1 January		6 205	4 748
Cash and cash equivalents as of 31 December		9 854	6 205

Consolidated statement of changes in equity

Equity attributable to owners of the parent company							
(NOK 1 000)	Share capital	Treasury shares	Share premium fund	Retained earnings	Total	Non-controlling interests	Total equity
Equity as of 1 January 2012	39 611	-1 467	54 936	402 352	495 433	37 229	532 662
Net result for the year	0	0	0	28 191	28 191	3 428	31 618
Other comprehensive income	0	0	0	2 573	2 573	0	2 573
Total comprehensive income	0	0	0	30 763	30 763	3 428	34 191
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	484	484	0	484
Other changes non-controlling interests	0	0	0	-327	-327	327	0
Other changes associated companies	0	0	0	-2 141	-2 141	0	-2 141
Sale of treasury shares	0	1 467	0	10 273	11 740	0	11 740
Total transactions with shareholders	3 961	1 467	27 093	8 066	40 588	327	40 915
Equity as of 31 December 2012	43 573	0	82 029	441 183	566 785	40 984	607 769

Equity attributable to owners of the parent company							
(NOK 1 000)	Share capital	Treasury shares	Share premium fund	Retained earnings	Total	Non-controlling interests	Total equity
Equity as of 1 January 2011	37 229	-9	15 526	485 188	537 934	41 862	579 796
Net result for the year	0	0	0	2 140	2 140	-3 759	-1 619
Other comprehensive income	0	0	0	-23 132	-23 132	0	-23 132
Total comprehensive income	0	0	0	-20 992	-20 992	-3 759	-24 751
Transactions with shareholders							
Dividend paid	0	0	0	-34 711	-34 711	0	-34 711
Dividend to non-controlling interests	0	0	0	0	0	-875	-875
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
Purchase of treasury shares	0	-1 467	0	-27 883	-29 350	0	-29 350
Sale of treasury shares	0	9	0	134	143	0	143
Total transactions with shareholders	2 382	-1 458	39 410	-61 844	-21 510	-875	-22 385
Equity as of 31 December 2011	39 611	-1 467	54 936	402 352	495 433	37 229	532 662

Issues in 2012

The board resolved on 28 February 2012 to complete a private placement. 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 KNOK 43,429.

Issues in 2011

The board resolved on 24 March 2011 to increase the share

capital by 1,637,599 new shares with a nominal value of NOK 1.00 each at a price of NOK 21.00 per share, or KNOK 34,390 in all. At the same date the board resolved to increase the share capital further by 744,286 new shares with a nominal value of NOK 1.00 each at a price of NOK 15.75 per share, or KNOK 11,376 in all. Both issues was part of the listing at Oslo Stock Exchange at 29 March 2011. The reason for the difference in price was that the board wanted to offer a discount of NOK 2,500 to the buyers from the retail tranche.

Notes to the consolidated financial statements

NOTE 1. Accounting principles

1.1 General information

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

The consolidated financial statements for 2012 include the parent company, subsidiaries and the Group's shareholdings in associates. The Group's main business is linked to fish farming and sales.

The annual financial statements were approved by the board on 11 April 2013.

1.2 Basis of preparation

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

Statement of compliance

The consolidated financial statements of Norway Royal Salmon ASA have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and relevant interpretations which are mandatory for annual financial statements presented as of 31 December 2012.

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

Basis for measurement

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

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

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

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

1.3 Introduction of new and amended standards

There are no new IFRS or amendments that are effective for the first time for the financial year beginning on or after 1 January 2012 having a material impact on the Group accounts in 2012.

1.4 Summary of important accounting principles

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the company. The company has control if it exerts a controlling influence, directly or indirectly, normally through owning more than half the voting rights. Annual financial statements of subsidiaries are included in the consolidated financial statements from the date control is achieved until the date control ceases.

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

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

Eliminations

Intra-group transactions and balances have been eliminated. Any unrealised profits or losses associated with intra-group transactions are eliminated during the preparation of the consolidated financial statements.

Non-controlling interests

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

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

Associates

Associates are entities over which the Group exercises significant influence but not controlling influence. A significant influence normally applies to investments in which the Group owns between 20 % and 50 % of the voting rights. The consolidated financial statements include the Group's share of profits of associates in accordance with the equity method from the time significant influence is achieved and until such influence ceases. Should the Group's share of losses exceed the investment in an associate, the Group's carrying amount is reduced to zero and no further losses are recognised unless the Group has assumed legal or constructive obligations or made payments on the company's behalf

Classification of accounting items

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

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

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

Segment reporting

An operating segment is part of the Group which engages in business which can generate revenues and costs, including revenues and costs deriving from transactions with other Group segments. The financial performance of all operating segments is regularly reviewed by group management. See Note 4.

Foreign currency

Presentation currency

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

Transactions and balance-sheet items

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

on the balance sheet date are recognised and classified as financial items.

Revenues

Sale of goods

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

Interest income

Interest income is recognised when the income is earned.

Dividends

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

Fish-farming licences

Licenses acquired by the Group are capitalised at cost. Fish-farming licences are deemed to have an indefinite useful life and are not amortised, but are tested annually for impairment or more frequently if there is indication of impairment.

Property, plant and equipment

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

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

Write-downs

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

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

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

Leasing

Lease agreements with terms which transfer economic rights and liabilities to the Group are classified as financial leasing. Assets acquired by means of finance leases are recognised at the start of the leasing period at a value corresponding to the lower of the fair value of the asset and the present value of the minimum leasing cost, less cumulative depreciation and impairments. Associated leasing obligations are capitalised as liabilities.

Other lease agreements defined as operating leases are charged to expenses as they accrue.

Financial instruments

Shares

Investments in shares which are not investments in subsidiaries or associates are valued at fair value. When there is no active market for the shares and fair value cannot be reliably measured, the investments are valued at cost. Should investments be permanently impaired, they are written down to their estimated net realisation value.

Derivatives

The Group uses derivatives to hedge against foreign currency fluctuations arising from operating activities. This is done using forward currency contracts. The Group uses derivatives to hedge against fluctuations on the interest rate of its long-term debt. This is done using interest-rates swaps. The derivatives are measured at fair value. Changes in fair value of derivatives are recognised through profit and loss as financial items, unless they qualify for hedge accounting.

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

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

For the purpose of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability in cash flows that is attributable to a particular risk associated with a forecast transaction. For cash flow hedges which meet the conditions for hedge accounting, any unrealised gain or loss on the contract that is determined to be an effective hedge is recognised temporarily in other comprehensive income until the hedged cash flow materialises and affects the profit or loss. All financial instruments are recognised in the balance sheet at fair value when the entity becomes a party to the contractual provisions of the instrument. The instrument is derecognised when the contractual rights expire or contractual rights and obligations are transferred. Derivative financial instruments are classified as current assets or liabilities.

If a cash flow hedge expires without being renewed or the hedge relationship is terminated, gains and losses in the hedging reserve within equity are recycled through profit or loss in accordance with the above principle. If the hedged transaction is no longer expected to occur, accumulated unrealised gains and losses previously recognised in other comprehensive income is immediately reversed and recycled through profit or loss.

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

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

Loans and receivables

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

Liabilities

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

Inventory

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

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

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

Biological assets (biomass)

Biological assets comprise live fish stocks. Biological assets are recognised at fair value less estimated future sales and harvesting costs. There are no effective markets for the sale of live fish, and valuing live fish involves estimating their fair value in a theoretical live fish market. An assessment of the biomass's fair value is based on market prices based on externally quoted forward prices, and / or the most relevant pricing information available for the period when the fish are expected to be harvested. Prices are adjusted for harvesting costs and transport costs to market in order to arrive at an estimated price for live fish to the farmer. The estimated quality distribution of the fish is also taken into account when

estimating the value. When estimating the biomass at fair value the best estimate of fair value for fish less than 1 kg is assumed to be accumulated cost, while for fish between 1 and 4 kg a proportionate share of the full value is recognised. Harvestable fish (above 4 kg) is valued at full value. An expected fair value below the expected cost would imply a negative value adjustment of biological assets. Changes in value are recognised in the income statement on a separate line for fair value adjustments. Fair value adjustments are included in the consolidated operating results. Production costs in connection with sold fish are classified in the income statement as changes in inventories of biological assets and included in cost of materials.

Onerous contracts

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

Cash and cash equivalents

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

Equity

Purchase of treasury shares

On the repurchase of treasury shares, the purchase price including directly attributable costs is recognised as a change in equity. Treasury shares are recognised as a reduction in equity.

Dividends

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

Pensions

Defined contribution pension schemes

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

Defined benefit pension schemes

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

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

Share price based bonus scheme

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

Exceptional items

Exceptional items are disclosed separately in the financial statement under operational result and in notes to provide further understanding of the financial performance of the group. Exceptional items are fair value adjustment of biomass (note 17), provision for onerous contracts and exceptional biological items (note 6).

Tax

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

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

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

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

Events after the balance sheet date

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

Statement of cash flow

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

Accounting standards and interpretations issued but not applied

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 31 December 2012, and have not been applied in preparing these consolidated financial statements. The standards concerned are as follows:

IAS 1 Financial statement presentation

The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendments do not address which items are presented in OCI. The group expects to apply the amendments from 1 January 2013.

IAS 19 Employee benefits

The impact on the group will be as follows: all actuarial gains or losses are recognised immediately (no corridor) in 'other comprehensive income' (OCI), to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. The group will apply the standard from 1 January 2013. The implementation is expected to have a small impact on the group's result. The group has calculated the effect of using the standard at 31 December is an actuarial loss of NOK 695 585 that would be presented in OCI.

IFRS 9 Financial instruments

IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The group is yet to assess IFRS 9's full impact, and intends to adopt IFRS 9 when the standard are effective and approved by the EU.

IFRS 10 Consolidated financial statements

Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard is expected to have an insignificant impact on the Group accounts, the Group do not intend to adopt the standard in 2013.

IFRS 12 Disclosures of interests in other entities

Includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is expected to have an insignificant impact on the Group accounts, the Group do not intend to adopt the standard in 2013.

IFRS 13 Fair value measurement

Aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The standard is expected to have an insignificant

impact on the Group accounts, the Group will adopt the standard in 2013.

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

1.5 Important accounting estimates and judgments

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

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

Allocation of fair value on acquisition

The cost price of an acquisition must be allocated to the individual assets to reflect the fair value of assets and liabilities acquired. Where there is no active market for the assets acquired, alternative methods for determining fair value must be applied. Any excess values beyond what can be attributed to identifiable assets and liabilities are capitalised as goodwill. If the fair value of the equity in the acquired company exceeds the consideration paid, the excess amount is immediately recognised in income. The allocation of cost price deriving from a business combination will be changed in the event that new information arises relating to the actual fair value at the time when control is transferred. Any reallocation must take place by no less than 12 months after the acquisition occurred.

Valuation of the biological assets

Under IAS 41, Agriculture, the biological assets are valued at fair value less estimated harvesting and sales costs. Difference between fair value of live inventory at the beginning and the end of the period is recognised as a net positive or negative fair value adjustment in the income statement. The estimate of fair value is based on the most relevant forward prices for salmon at the balance sheet date. Fair value is estimated for each site, and biomass data includes the number of fish, estimated average weight and biological cost of the biomass. These estimates involve a considerable level of uncertainty. The valuation is based on the biomass's estimated weight in kg at the end of the period, in addition to an estimated quality distribution. Estimated biomass is based on assumptions for growth and mortality rates from the date the fish were released into the sea, adjusted for any inspections performed during the production period. Quality distribution of fish can only to a limited extent be observed and assessed prior to harvesting, and estimated quality distribution is subject to considerable uncertainty. Each individual fish will grow independently, and even though it may be possible to estimate the average growth of the fish in the net pens, there will be considerable variations in weight and quality within each pen. With respect to valuation, price assumptions are particularly important in addition to the weight of

the biomass. The principles used for valuation are described in the section describing biological assets and in Note 17 to the financial statements.

Trade receivables

Provisions for losses on trade receivables are based on a number of assumptions including the indications of financial distress (bankruptcy filings or indications), the likelihood that the customer will go bankrupt or face financial restructuring, and delays in the payment/request for extended terms. Norway Royal salmon relies on credit insurance and an approval system for own risk and customers are followed up continuously with regards to compliance with payment terms. In combination these are efforts that improve the accuracy of recognised provisions. Further information about the specification of receivables and information about provisions reference may be found in note 18.

Impairment of intangible assets with an indefinite useful life. The Group annually tests its licenses for impairment as described in the accounting principles. The recoverable amount is calculated based on estimated future cash flows for the Group's cash-flow generating units, as well as a discount rate for calculating the present value of cash flows. Expectations of future cash flows may vary over time. Changes in market conditions and expected cash flows may result in an impairment loss, which must be reflected in the financial statements. The most important assumptions with an impact on cash flows connected to investments are the applied discount rate, expected salmon prices, and estimated harvesting volume, production cost per kg and investment level. Further information regarding the assessment of impairment of capitalised licenses may be found in Note 11.

Deferred tax

Deferred tax assets based on tax loss carryforwards are capitalised to the extent that expected future earnings associated with the individual unit will be sufficient to utilise the losses. To the extent companies are included in the group for tax purposes, these are valued as one. Capitalisation is based on companies' expected future revenues. This means that the capitalised values of the tax loss carryforwards may vary over time. See Note 10 for further information on capitalised deferred tax assets.

1.6 Financial risk

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

Foreign exchange risk

The bulk of the Group's transaction risk is linked to sales in currencies other than the functional currency of its sales business. Exposure is largely to EUR and USD. Hedging of currency exposure deriving from trade receivables is managed through

forward currency contracts and by drawing on its overdraft facility in the same currency. Hedging of contracted currency revenues is managed through forward currency contracts. Details of the Group's exposure in foreign currency can be found in Notes 18 and 22. Forward currency contracts see Note 25.

Interest rate risk

The Group's interest bearing debt is currently exposed to variable interest rates. This means that the Group is exposed to changes in interest rates. To hedge against such changes the Group has entered into an interest rate swap agreement. The Group's interest bearing debt is capitalised at amortised cost, since the difference between amortised cost and fair value is insignificant. Details on the swap agreement can be found in Note 25.

Credit risk

The Group's exposure to credit risk is affected largely by particular circumstances relating to each individual customer. The Group is not materially exposed to any single counterparty. Historically, bad debts have been small – see Note 18 for further details. Trade receivables are monitored continuously and the Group's policy is to insure all major trade receivables against non-payment.

Price/liquidity risk

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

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

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

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

Capital structure and equity

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

NOTE 2. Companies in Group

The consolidated financial statements for 2012 include the following companies:

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

NOTE 3. Purchases/sales associated companies

2012

At the end of the third quarter the group bought an additional 10 per cent of the shares in Ranfjord Fiskeprodukter AS for a total of TNOK 3,253. At the end of year the groups owns 37.75 percent of Ranfjord Fiskeprodukter. The company is recognised as an associated company in the balance sheet.

2011

The Group sold all its shares in Larssen Seafood, corresponding to 48 per cent of the shares for a total of KNOK 24,096 in the fourth quarter of 2011. The book value of Larssen Seafood AS was KNOK 6,279 which gave a profit of KNOK 17,704. The profit is presented as a financial income on the line Gain on realisation of associates and financial assets. The company was recognised as an associated company in the balance sheet.

NOTE 4. Segment reporting

Operating segments are identified based on the reporting used by Group management to assess performance and profitability at a strategic level. The Group 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, as well as the Group's chain management activities. 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 Senja 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.

(NOK 1 000)	Sales		Fish farming				Total	
			Region North		Region South			
	2012	2011	2012	2011	2012	2011	2012	2011
Total segment revenues	1 736 927	1 685 577	347 954	348 409	189 293	152 375	2 274 174	2 186 361
Revenues between segments	0	0	-341 649	-313 045	-189 258	-139 836	-530 907	-452 881
Revenues from external customers	1 736 927	1 685 577	6 305	35 364	35	12 539	1 743 267	1 733 480
Cost of materials	1 688 045	1 636 580	237 696	237 882	154 376	127 138	2 080 117	2 001 600
Depreciation	840	716	19 702	16 527	9 908	8 800	30 450	26 043
Write-downs	0	0	0	0	0	0	0	0
Other costs	26 613	24 697	69 092	47 872	20 356	21 392	116 061	93 961
Operating result before fair value adjustments	21 429	23 584	21 464	46 128	4 653	-4 955	47 546	64 757
Non-recurring items	0	0	-1 549	0	-8 370	0	-9 919	0
Fair value adjustments	-5 143	-786	47 544	-54 493	7 027	-15 348	49 428	-70 627
Operating result	16 287	22 797	67 459	-8 366	3 310	-20 303	87 056	-5 872
Interest income	223	451	199	161	0	215	422	827
Interest expenses	496	-2 228	-17 993	-13 733	-10 634	-7 754	-28 131	-23 715
Other financial items	-3 951	-445	-120	-440	16	-28	-4 055	-913
Segment result before tax	13 055	20 576	49 545	-22 379	-7 308	-27 870	55 292	-29 673
Total assets	316 361	243 954	957 068	827 231	289 780	298 936	1 563 209	1 370 121

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

Reconciliation of reported segment EBT with Group EBT:

(NOK 1 000)	2012	2011
EBT for reportable segments:	55 292	-29 673
<i>Unallocated income statement items:</i>		
Income from associates	10 464	-1 689
Gain on realisation of associates and financial assets	0	41 430
Unallocated expenses (operations)	-17 212	-19 998
Unallocated interest (finance)	-7 796	-7 237
Result before tax	40 748	-17 166

NOTE 4. cont.

Reconciliation of reported segment assets to total assets:

(NOK 1 000)	2012	2011
Segment assets for reportable segments:	1 563 209	1 370 121
<i>Unallocated assets:</i>		
Investments in other shares	107 926	96 087
Other long-term receivables	2 419	319
Restricted bank balances	1 973	766
Total assets in the balance sheet	1 675 526	1 467 292

Geographical market sales:

(NOK 1 000)	2012	2011
Norway	33 643	110 035
Western Europe	810 008	965 543
Eastern Europe & Russia	516 064	388 770
Asia & Middle East	380 168	267 242
Other countries	4 383	2 432
Total operating revenues	1 744 266	1 734 022

NOTE 5. Personnel expenses and benefits

Wages and personnel expenses

(NOK 1 000)	2012	2011
Wages and salaries	59 868	50 691
National insurance contributions	5 301	4 935
Pension costs defined contribution scheme	578	347
Pension costs defined benefit scheme	3 897	2 950
Other benefits	2 121	1 673
Total wages and personnel expenses	71 764	60 595
Average full-time equivalents	103	85

REMUNERATION TO SENIOR MANAGEMENT AND BOARD OF DIRECTORS:

Senior management

2012 (NOK 1 000)	Salary	Fees ¹⁾	Bonus	Payments in kind	Total	Accrued pension costs ²⁾
John Binde, CEO	1 834	45	127	225	2 206	-58
Ola Loe, CFO	1 438	0	107	15	1 560	21
Roger Bekken, COO farming	1 120	85	81	21	1 263	68
Klaus Hatlebrekke, COO market and business development ³⁾	794	0	0	9	803	87
Total	5 187	60	315	269	5 832	118

1) Fees are directors' fees paid by subsidiaries.

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

3) Klaus Hatlebrekke took up his position as Chief operating officer on 1 April 2012.

2011 (NOK 1 000)	Salary	Fees ¹⁾	Bonus	Payments in kind	Total	Accrued pension costs ²⁾
John Binde, CEO	1 687	45	404	218	2 354	356
Ola Loe, CFO	1 349	0	120	16	1 485	230
Roger Bekken, COO farming	945	60	17	23	1 044	148
Stein Martinsen, Director marketing and sales	893	0	38	13	944	601
Torstein Tiller, Director admin and chain operations	884	0	38	13	935	414
Total	5 759	105	616	282	6 762	1 750

1) Fees are directors' fees paid by subsidiaries.

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

Directors fee:

(NOK 1 000)	2012	2011
Helge Gåsø, Board Chair ¹⁾	360	209
Kristine Landmark, Vice Chair	193	100
Elbjørg Gui Standal	0	253
Åse Marie Valen Olsen	173	134
Endre Glastad	190	144
Inge Kristoffersen	198	146
Eva von Hirsch	188	0
Karl Olaf Jørgensen	0	29
Yngve Myhre	0	83
Fredd Wilsgård	0	5
Lars Magne Eidesvik	18	0
Total	1 318	1 102

1) Includes directors' fees received from subsidiaries in the amounts of KNOK 60 in 2012 and KNOK 60 in 2011. The Chair also received consultancy fees of KNOK 50 in 2011 through his company Gåsø Næringsutvikling AS. In 2012 he did not receive any such fees. The fees received in 2011 are not included in the list above.

BOARD'S STATEMENT ON ESTABLISHMENT OF SALARIES AND OTHER REMUNERATION FOR SENIOR EXECUTIVES AT NORWAY ROYAL SALMON ASA

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

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

1. MAIN PRINCIPLES ON REMUNERATION FOR THE 2013 FINANCIAL YEAR

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

Basic salary

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

Annual bonus

Bonuses will be established and paid based on position levels and the added value staff or groups of staff have created. For 2012 the CEO has a bonus scheme determined at the discretion of the Compensation Committee, and depends on a number of factors. The bonus scheme may not exceed three months' salary. All other senior executives has a discretionary bonus scheme which depends on a number of factors. The bonus scheme may not exceed three months' salary.

Benefits in kind

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

Share-based incentive schemes

A bonus scheme based on «synthetic options» was introduced for Group management in February 2011. The bonus scheme confers the right to a cash bonus based on the price performance of the company's shares on the Oslo Stock Exchange. Bonuses are calculated 12, 24 and 36 months after the listing date, and the bonus scheme involves an obligation to invest net bonuses in Norway Royal Salmon shares at their market price at each date. Shares purchased under the bonus scheme will be subject to a 12-month lock-in period. All bonus payments are contingent on full-time employment with the company. Bonuses are based on the increase in value of shares in Norway Royal Salmon from the time they are listed until the dates stated, and in proportion to the price increase in the period for 200,000 shares for the CEO and from 60,000 to 140,000 shares for other senior executives. 280,000 of the options expired the first quarter of 2012. After this the scheme covers a total of 660,000 shares allocated to the Group's management.

Pension schemes

Norway Royal Salmon ASA has a defined-benefit pension scheme covering all the company's staff and Group management. No members of Group management have any pension scheme other than that for the other staff.

Notice period and severance pay

The CEO and the other senior executives are entitled under certain circumstances to one year's (CEO) and six months' severance pay respectively.

Other variable remuneration components

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

2. SENIOR MANAGEMENT REMUNERATION POLICY IN 2012

In addition to their fixed salary, the following benefits were paid to Group management in 2012:

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

In 2012 the CEO's bonus scheme consisted of a discretionary component. The discretionary component shall not exceed three months' salary. The discretionary component is established by the Compensation Committee, and depends on a number of different factors. Bonuses paid in 2012, based on the fixed component and the results achieved in 2011, amounted to KNOK 127.

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

The CEO and the other senior executives are entitled under certain circumstances to one year's (CEO) and six months' severance pay respectively.

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

Loans have been extended to the CEO with a book value of KNOK 273 as of 31 December 2012. Interest is at NIBOR + 0.25 per cent. The loan is to be repaid over five years. Security was provided by pledging shares.

NOTE 6. Operating expenses

Specification of other operating expenses:

(NOK 1 000)	2012	2011
Rental of premises and equipment	3 568	4 203
Maintenance	27 067	16 570
Off-balance sheet equipment	3 060	2 436
Fuel	6 683	5 540
External fees	6 837	9 220
Insurance	3 674	2 693
Bad debts	1 105	504
Other	19 434	12 199
Total other operating expenses	71 429	53 365

Write-downs and non-recurring items

(NOK 1 000)	2012	2011
Extraordinary mortality	9 919	0
Costs of stock exchange listing	0	2 500
Total	9 919	2 500

In 2012 a cost of KNOK 9,919 was recorded as non-recurring items. The reason was extraordinary mortality caused by high algae flora (flagellates) and low oxygen levels in a cage at a processing plant.

NOTE 7. Auditor's fees

Auditor's fees: (NOK 1 000)	Deloitte		Other auditors	
	2012	2011	2012	2011
Statutory auditing services	374	325	0	80
Other attestation services	2	57	0	0
Tax advisory services	8	10	0	11
Ohter services	65	44	0	27
Total auditor's fees	449	436	0	118

All auditor's fees are exclusive VAT. NOK 7,920 is expensed directly against equity in connection with equity transactions.

NOTE 8. Pension costs and liabilities

As of 31 December 2012, all the Group's employees were members of various pension schemes. Companies in Norway are required to operate occupational pension schemes under the Norwegian Mandatory Occupational Pensions Act. The schemes offered by all Group companies meet statutory requirements.

Subsidiaries have defined contribution schemes for staff.

The parent company operates a defined benefits pension scheme, covering 34 people. The pension scheme provides an entitlement to defined future benefits, the size of which is largely dependent on the number of years' entitlement, salary upon retirement and state pension benefits. The scheme is financed externally through a pension fund. In combination with the state pension and with full entitlement, the scheme entitles members to around 66 per cent of basic salary up to 12G from the age of 67 (G being the Norwegian National Insurance Scheme's basic unit of calculation).

The Norwegian Accounting Standards Board has announced that the market interest rate for covered bonds («obligasjoner med fortrinnsrett» - OMF) can be used as the discount rate when estimating the future pension liabilities. NRS finds it appropriate to use the market interest rate for covered bonds as the discount rate for its pension liability. NRS believes there is a deep market in covered bonds that satisfy the requirements of high quality. NRS have in their calculations per 31.12.2012, used a discount rate of 3.8 %.

Pension costs:

(NOK 1 000)	2012	2011
Current service cost	3 388	3 011
Interest cost	809	1 015
Expected return on plan assets	-791	-709
Administrational expences	169	0
Amortisation of net actuarial losses (gains)	212	0
Employee contributions to scheme	-394	-367
Payroll tax of net pension cost	504	0
Net pension costs service – defined benefit scheme	3 897	2 950
Costs of defined contribution pension scheme	578	347
Total pension costs	4 475	3 297

Assumptions:

	2012	2011
Discount rate	3.80 %	2.60 %
Expected return on plan assets	4.00 %	4.10 %
Future salary increases	3.50 %	3.50 %
Inflation rate	3.25 %	3.25 %
Future pension increase	0.20 %	0.10 %

Demographic factors:

Early retirement	IR02-level	IR02-level
Mortality rate	K2005	K2005

	2012	2011
Paid into scheme during the year	3 270	2 240
Forecast payment to scheme next year	3 833	2 318

Calculation of amount recognised in the balance sheet:

(NOK 1 000)	31.12.2012	31.12.2011
Present value of funded obligations	29 482	31 185
Fair value of plan assets	-20 846	-17 840
Employer's national insurance contributions	1 218	1 882
Actuarial gains/ losses not recognised in the income statement	-814	-6 746
Net pension liabilities in balance sheet	9 040	8 480

Change in present value pension liabilities:

(NOK 1 000)	2012	2011
Pension liabilities as of 1 January	31 185	25 729
Current service cost	3 388	3 011
Interest expense	809	1 015
Pension payments	-175	-175
Actuarial losses/(gain)	-5 724	1 605
Pension liabilities as of 31 December	29 482	31 185

Change in estimated fair value of plan assets:

(NOK 1 000)	2012	2011
Estimated fair value of plan assets as of 1 January	17 840	15 930
Expected return on plan assets	791	709
Contributions paid	3 270	2 240
Pension payments	-175	-175
Adminstration expenses	-169	0
Actuarial (losses)/ gain	-711	-865
Plan assets as of 31 December	20 846	17 840

Pension funds are made up as follows:

(NOK 1 000)	2012	2011
Money market fund	18.3 %	13.3 %
Shares	9.2 %	19.5 %
Short-term bonds	15.6 %	14.5 %
Long-term bonds	36.7 %	32.6 %
Property	18.3 %	17.0 %
Other	1.9 %	3.1 %
Total	100.0 %	100.0 %

Sensitivity calculations

The Group's pension liabilities and costs are based on assumptions as described above. Changes in these assumptions will result in changes in liability. A 1 per cent increase in the discount rate would result in a gross pension liability of KNOK 24,103. Conversely, reducing the discount rate by 1 per cent would result in a gross pension liability of KNOK 36,598.

NOTE 9. Financial income and financial expenses

Financial items included in the income statement:

(NOK 1 000)	2012	2011
Income from associates	10 464	-1 689
Sale of associate	0	17 704
Sale of shares	0	23 904
Interest income	422	338
Foreign exchange gains	0	1 299
Other financial income	244	109
Financial income	11 130	41 664
Interest expenses	35 928	28 363
Foreign exchange losses	838	0
Change in market value interest rate swap	1 943	2 315
Unrealised losses on derivatives	0	1 763
Other financial expenses	1 518	519
Financial expenses	40 226	32 960
Net financial items	-29 096	8 704

NOTE 10. Taxation

Tax on the result

Tax on the result is as follows:

(NOK 1 000)	2012	2011
Tax payable	780	1 895
Change in deferred tax	8 350	-17 487
Corrections from previous years	0	44
Tax on the result for the year	9 130	-15 548

Tax on items recognised in comprehensive income: (NOK 1 000)	2012			2010		
	Før skatt	Skatt	Etter skatt	Før skatt	Skatt	Etter skatt
Available-for-sale financial assets	2 002	17	1 985	-23 847	-715	-23 132
Cash flow hedges	816	228	588	0	0	0
Total tax recognised in comprehensive income	2 818	245	2 573	-23 847	-715	-23 132

Tax recognised directly in equity:

(NOK 1 000)	2012	2011
Tax relating to costs recognised directly in equity	334	1 680
Total tax recognised in equity	334	1 680

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2012	2011
Result before tax	40 748	-17 166
Tax calculated at nominal tax rate (28 %)	11 410	-4 806
Expenses not deductible for tax purposes	185	-1 233
Equity method associates	-2 930	473
Gain on sale of financial assets	-1	-11 661
Tax on share issue costs	334	1 680
Corrections from previous years	133	0
Tax on the result	9 130	-15 548
Effective tax rate *	22 %	91 %

* High effective tax rate 2011 due to realisation of non-current financial assets (KNOK 41,608) is included in result before tax.

DEFERRED TAX LIABILITIES

Breakdown of deferred tax and basis for deferred tax:

(NOK 1 000)	31.12.2012	31.12.2011
Intangible assets	452 091	452 091
Property, plant and equipment	-10 851	-11 920
Inventory	525 602	387 280
Trade receivables	2 444	10 647
Pensions	-9 040	-8 480
Other	3 514	6 084
Tax losses carried forward	-385 243	-286 460
Basis for deferred tax	578 517	549 242
Estimated deferred tax liabilities	161 981	153 784

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

(NOK 1 000)	31.12.2012	31.12.2011
<i>Deferred tax benefits:</i>		
Long-term tax items	-114 236	-88 320
Short-term tax items	0	0
<i>Deferred tax:</i>		
Long-term tax items	126 585	126 585
Short-term tax items	149 128	113 627
Deferred tax 31 December	161 474	151 889

Change in deferred tax liabilities in balance sheet:

(NOK 1 000)	2012	2011
Book value as of 1 January	153 784	173 610
Income statement charge	8 350	-17 431
Tax effect relating to components of other comprehensive income	245	-715
Deferred tax share issue cost	-334	-1 680
Book value 31 December	161 981	153 784

The Group has capitalised deferred tax related to tax loss carryforwards. This has been done on the assumption that the Group will be able to apply them against future taxable revenues. All Group companies are located in Norway and are subject to a nominal tax rate of 28 %. Losses carried forward within the Group have no expiry date.

NOTE 11. Intangible assets

Cost: (NOK 1 000)	Fish farming licences	
	2012	2011
Acquisition cost as of 1 January	502 887	498 287
Additions during the year	0	4 600
Acquisition cost as of 31 December	502 887	502 887

Specification of fish farming licences by region: (NOK 1 000)	Number of licences	Cost	Book value 31.12.2012
Region North	19	370 026	370 026
Region South	6	132 861	132 861
Total	25	502 887	502 887

Annual impairment test

Fish farming licenses are defined as having an indefinite useful economic life and are not amortised, but are tested for impairment annually, or more frequently when there is an indication that an asset may be impaired. This is done by comparing assets' recoverable amounts with their book values.

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

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

Estimated future cash flows are based on budgets and forecasts for the next four years. After that, a terminal value is used. The terminal value is calculated using a growth rate of 2 per cent, which reflects future estimated inflation.

The impairment test did not give indications for write-downs of the book value of licenses at 31. December 2012. There are significant positive differences between estimated recoverable amounts and book values in Region North and Region South.

Key assumptions

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

EBIT/DA) Margin per kg

EBIT(DA) per kilo is highly volatile due to the fluctuations in the price of salmon. Costs can under normal circumstances be forecasted with a relatively high level of accuracy. As a result of expectations of high salmon prices in the next three years, a higher EBIT(DA) margin per kg than the historical average margin has been used in the calculations. After this period the margin has been reduced to a normalized EBIT(DA) per kg of NOK 5. Necessary investments to meet anticipated growth has been taken into consideration. In the latter part of the forecast period the investments will equal the depreciations and represents mainly maintenance investments.

Discount rate

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

Harvest volume

Future production are estimated on the basis of current production and harvest plan, adjusted for expected increases in future output given current licenses. In the calculation it is assumed that the production capacity of about 30,000 tonnes will be utilised.

Sensitivity analysis

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

	Region North	Region South
EBIT(DA) margin per kg (NOK)	-3.28	-2.27
Discount rates after tax	-8.6%	-5.5 %
Harvest volume	-57.0 %	-48.0 %

NOTE 12. Property, plant and equipment

(NOK 1 000)	Land and buildings	Machinery and equip- ment	Boats and floating assets	Other operating assets	Total	Of which
						leased opera- ting assets
Acquisition cost as of 1 January 2011	9 962	82 136	61 767	13 246	167 111	83 901
Additions	942	48 894	34 637	5 310	89 783	65 940
Disposals	0	-2 691	-2 232	-88	-5 010	0
Acquisition cost as of 31 December 2011	10 904	128 339	94 172	18 468	251 884	149 841

Acquisition cost as of 1 January 2012	10 904	128 339	94 172	18 468	251 884	149 841
Additions	417	24 937	7 154	2 239	34 747	18 120
Disposals	0	-1 187	-2 545	-868	-4 599	-3 415
Acquisition cost as of 31 December 2012	11 321	152 089	98 781	19 839	282 031	164 546

Accumulated depreciation as of 1 January 2011	6 570	25 982	13 059	7 562	53 173	17 945
Depreciation for the year	313	15 701	7 256	2 773	26 043	13 371
Disposals	0	-2 357	-2 232	-54	-4 643	0
Accumulated depreciation as of 31 December 2011	6 883	39 326	18 084	10 280	74 572	31 316

Accumulated depreciation as of 1 January 2012	6 883	39 326	18 084	10 280	74 572	31 316
Depreciation for the year	335	18 493	8 323	3 297	30 449	15 313
Disposals	0	-1 187	-111	-593	-1 890	-97
Accumulated depreciation as of 31 December 2012	7 218	56 632	26 296	12 985	103 131	46 533

Book value as of 1 January 2011	3 392	56 154	48 709	5 684	113 939	65 956
Book value as of 31 December 2011	4 021	89 013	76 089	8 187	177 311	118 525
Book value as of 31 December 2012	4 103	95 457	72 486	6 853	178 899	118 013

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

Write-downs and other non recurring items

In 2012 the Group has not recognised write-downs or costs relating to individual events on property, plant and equipment.

NOTE 13. Investments in associates

2012 (NOK 1 000)	Share- holding	Book value 31.12.2011	Share of result for the year	Dividend received	Acquisitions/ disposals in the period	Book value 31.12.2012
Company						
Wilsgård Fiskeoppdrett AS	37.50 %	36 117	3 789	0	0	39 906
Måsøval Fishfarm AS *	36.10 %	15 871	1 850	0	-2 746	14 975
Hellesund Fiskeoppdrett AS	33.50 %	21 517	4 779	-50	0	26 246
Hardanger Fiskeforedling AS	31.10 %	4 417	925	0	0	5 342
Espevær Laks AS	37.50 %	829	126	0	1 013	1 968
Ranfjord Fiskeprodukter AS	27.65 %	17 287	-1 098	0	3 253	19 442
Skardalen Settefisk AS **	30.00 %	0	94	0	2 840	2 934
Other		48	0	0	0	48
Total associates		96 087	10 464	-50	4 359	110 861

The Group's share of fair value adjustments in connection with biomass at associates was KNOK 2,345 as of 31 December 2012. The fair value adjustments at the start of the year were KNOK -8,495. The increase of KNOK 10,840 is included in income from associates.

* Change directly against equity is a correction from 2011.
 ** Skardalen Settefisk AS is classified as an associated company from 2012.

2011 (NOK 1 000)	Share- holding	Book value 31.12.2010	Share of result for the year	Dividend received	Acquisitions/ disposals in the period	Book value 31.12.2011
Company						
Wilsgård Fiskeoppdrett AS	37.50 %	41 232	-2 865	-2 250	0	36 117
Larssen Seafood AS *	48.00 %	9 578	-834	0	-8 744	0
Måsøval Fishfarm AS	36.10 %	23 052	39	-7 220	0	15 871
Hellesund Fiskeoppdrett AS	33.50 %	22 394	-827	-50	0	21 517
Hardanger Fiskeforedling AS	31.10 %	1 045	1 506	0	1 866	4 417
Espevær Laks AS	37.50 %	1 059	-230	0	0	829
Ranfjord Fiskeprodukter AS	37.75 %	15 728	1 522	0	37	17 287
Other		48	0	0	0	48
Total associates		114 135	-1 689	-9 520	-6 841	96 087

The Group's share of fair value adjustments in connection with biomass at associates was KNOK -8,495 as of 31 December 2011. The fair value adjustments at the start of the year were KNOK 12,284. The decrease of KNOK 20,779 is included in income from associates.

* Larssen Seafood AS was an associate until 30 September 2011 when the shares were sold. The figures stated are for the period 1 January–30 September 2011.

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

2012 (NOK 1 000)	Business local authority	Operating revenues 2012	Profit/loss 2012	Total assets 31.12.12	Total liabilities 31.12.12	Total equity 31.12.12
Company						
Wilsgård Fiskeoppdrett AS	Torsken	114 185	5 079	147 805	87 272	60 533
Måsøval Fishfarm AS	Frøya	101	4 315	32 216	11 939	20 278
Hellesund Fiskeoppdrett AS	Høvåg	57 267	10 109	52 354	9 287	43 067
Ranfjord Fiskeprodukter AS	Mo i Rana	41 277	-3 016	64 553	45 498	19 055
Hardanger Fiskeforedling AS	Strandebarm	54 611	2 974	29 356	12 178	17 178
Espevær Laks AS	Bømlo	49 949	254	24 156	18 910	5 246
Skardalen Settefisk AS	Torsken	9 810	312	13 845	4 066	9 779

2011 (NOK 1 000)	Business local authority	Operating revenues 2011	Profit/loss 2011	Total assets 31.12.11	Total liabilities 31.12.11	Total equity 31.12.11
Company						
Larssen Seafood AS	Nord-Solvær	7 643	-1 842			
Wilsgård Fiskeoppdrett AS	Torsken	63 552	-13 237	129 109	78 778	50 331
Måsøval Fishfarm AS	Frøya	249	-1 830	29 390	11 846	17 543
Hellesund Fiskeoppdrett AS	Høvåg	12 622	-2 467	64 827	35 869	28 959
Ranfjord Fiskeprodukter AS	Mo i Rana	38 260	4 672	66 146	42 679	23 467
Hardanger Fiskeforedling AS	Strandebarm	50 099	4 940	33 145	18 940	14 205
Espevær Laks AS	Bømlo	41 693	-632	16 121	13 911	2 211

* Larssen Seafood AS was an associate of the Group until 30 November 2011 when the shares were sold. The figures stated are for the period 1 January – 30 September 2011.

NOTE 14. Financial instruments by category

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

As of 31 December 2012

(NOK 1 000)	Loans and receivables at amortised cost	Assets at fair value through profit or loss	Derivatives used for hedging purposes	Available- for-sale	Total
Available-for-sale financial assets	0	0	0	3 335	3 335
Derivatives	0	235	816	0	1 051
Trade and other receivables *	310 767	0	0	0	310 767
Cash and cash equivalents	9 854	0	0	0	9 854
Total	320 621	235	816	3 335	325 007

* Trade and other receivables exclude prepayments

(NOK 1 000)	Liabilities at fair value through profit or loss	Derivatives used for hedging purposes	Other financial liabilities at amortised cost	Total
Loans (excluding finance leases)	0	0	469 578	469 578
Finance leases	0	0	106 351	106 351
Derivatives	7 576	0	0	7 576
Trade and other payables *	0	0	309 862	309 862
Total	7 576	0	885 791	893 367

* Trade and other payables excluding statutory liabilities

As of 31 December 2011

(NOK 1 000)	Loans and receivables at amortised cost	Assets at fair value through profit or loss	Derivatives used for hedging purposes	Available- for-sale	Total
Available-for-sale financial assets	0	0	0	3 385	3 385
Derivatives	0	4 594	0	0	4 594
Trade and other receivables*	264 209	0	0	0	264 209
Cash and cash equivalents	6 205	0	0	0	6 205
Total	270 414	4 594	0	3 385	278 393

** Trade and other receivables exclude prepayments

(NOK 1 000)	Liabilities at fair value through profit or loss	Derivatives used for hedging purposes	Other financial liabilities at amortised cost	Total
Loans (excluding finance leases)	0	0	424 784	424 784
Finance leases	0	0	113 154	113 154
Derivatives	2 315	0	0	2 315
Trade and other payables *	0	0	228 080	228 080
Total	2 315	0	766 018	768 333

** Trade and other payables excluding statutory liabilities

Fair value of financial instruments

Fair value of financial instruments recognised at amortised cost

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

Fair value measurement of financial instruments

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

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

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

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

The table below shows the Group's assets and liabilities measured at fair value as of 31 December 2012:

(NOK 1 000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Derivatives held for trading purposes	0	0	0	0
- Securities held for trading purposes	0	0	0	0
Derivatives used for hedging	0	1 052	0	1 052
Available-for-sale financial assets				
- Equity instruments	0	0	3 335	3 335
- Debt instruments	0	0	0	0
Total assets	0	1 052	3 335	4 387
Liabilities				
Financial liabilities at fair value through profit or loss				
- Derivatives held for trading purposes	0	0	0	0
- Derivatives used for hedging	0	7 576	0	7 576
Total liabilities	0	7 576	0	7 576

The table below shows the Group's assets and liabilities measured at fair value as of 31 December 2011:

(NOK 1 000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Derivatives held for trading purposes	0	0	0	0
- Securities held for trading purposes	0	0	0	0
Derivatives used for hedging	0	4 594	0	4 594
Available-for-sale financial assets				
- Equity instruments	0	0	3 483	3 483
- Debt instruments	0	0	0	0
Total assets	0	4 594	3 483	8 077
Liabilities				
Financial liabilities at fair value through profit or loss				
- Derivatives held for trading purposes	0	0	0	0
- Derivatives used for hedging	0	2 315	0	2 315
Total liabilities	0	2 315	0	2 315

NOTE 15. Available-for-sale financial assets

The Group recognised a gross value adjustment in 2012 of KNOK 2,002. This value adjustment was recognised in comprehensive income and was included in comprehensive income for 2012. The value adjustment was connected to the Group's shares in Aqua Gen AS. The value is based on a large transaction in Aqua Gen shares in the fourth quarter of 2012. All the Group's investments in the available-for-sale category, are unlisted shares.

(NOK 1 000)	31.12.11	Reclassi- fication	Capital increase	Gross unrea- lised gains	31.12.2012
Available-for-sale financial assets	3 483	(2 300)	150	2 002	3 335
Total available-for-sale financial assets	3 483	(2 300)	150	2 002	3 335

Available-for-sale financial assets comprise:

(NOK 1 000)	Ownership share	31.12.2012	31.12.2011
Company			
Aqua Gen AS	0.40 %	2 420	418
Skardalen Settefisk AS	30.00 %	0	2 300
Other unlisted shares		916	766
Total available-for-sale financial assets		3 335	3 483

The Group has a 30 per cent shareholding in Skardalen Settefisk AS. The Group has from 2012 defined this investment as an associate and the shares are no longer classified as available-for-sale financial assets.

NOTE 16. Inventory

(NOK 1 000)	31.12.2012	31.12.2011
Raw materials	15 056	12 381
Finished goods	5 760	6 470
Total inventory	20 816	18 851

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

NOTE 17. Biological assets (biomass)

Specification of biological assets:

(NOK 1 000)	31.12.2012	31.12.2011
Biological assets valued at cost	466 010	382 721
Fair value adjustments of the biological assets	59 729	5 159
Total biological assets	525 739	387 880

Specification of changes in book value of biological assets:

(NOK 1 000)	2012	2011
Biological assets as of 1 January	387 880	385 975
Increase due to production in the period	527 847	469 919
Reduction due to harvesting in the period	-454 477	-398 173
Cost due to extraordinary mortality	9 919	0
Fair value adjustments of the biological assets	54 570	-69 841
Biological assets as of 31 December	525 739	387 880

Specification of biological assets – tonnes (ungutted weight):

	2012	2011
Biological assets as of 1 January	16 127	12 768
Increase due to production in the period	30 497	26 139
Reduction due to harvesting in the period	-25 503	-22 780
Extraordinary mortality	-424	0
Biological assets as of 31 December	20 697	16 127

Specification of biological assets by size – tonnes (ungutted weight):

	2012	2011
Smaller than 1 kg	1 690	3 094
1-4 kg	6 940	7 147
Larger than 4 kg	12 067	5 886
Biological assets as of 31 December	20 697	16 127

Fair value of biological assets:

In accordance with IAS 41, Agriculture, biological assets must be valued at fair value less sales and harvesting costs. Changes to valuation adjustments are recognised in the income statement on an ongoing basis and classified as a separate line in order to highlight operating results before and after fair value adjustments.

Valuation model:

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

Sensitivity analyses:

Based on the Group's biomass as of 31 December 2012, an increase in price of NOK 1.00 per kg would result in an increase in the book value of the biomass of KNOK 13,670. Similar a reduction in price of NOK 1,00 per kg would result in a reduction in the book value of the biomass of KNOK -13,670.

NOTE 18. Accounts and other receivables

Specification of accounts and other receivables:

(NOK 1 000)	31.12.2012	31.12.2011
Account receivables	287 918	228 801
Provision for bad debts	-1 000	-900
Net accounts receivables	286 918	227 901
Other short-term receivables	31 545	43 021
Other long-term receivables	4 673	3 766
Total accounts and other receivables	323 136	274 688

Other short-term receivables comprise:

(NOK 1 000)	2012	2011
Fair value of derivatives	1 052	4 594
Prepaid costs	12 369	10 179
Value added tax repayable	12 507	18 071
Other receivables	5 618	10 177
Total other short-term receivables	31 545	43 021

Change in provision for bad debts:

(NOK 1 000)	2012	2011
Provision for bad debts as of 1 January	-900	-1 450
Bad debts recorded in the year	1 005	1 054
Change in provision for bad debts	-1 105	-504
Provision for bad debts as of 31 December	-1 000	-900

Foreign currency exposure on receivables:

(NOK 1 000)	31.12.2012	31.12.2011
CHF	286	363
EUR	154 211	125 388
GBP	2	5
JPY	9 443	5 732
SEK	952	513
USD	65 007	46 851
NOK	57 017	49 049
Total book value trade receivables	286 918	227 901

NOTE 19. Cash and cash equivalents

(NOK 1 000)	31.12.2012	31.12.2011
Bank deposits	9 854	6 205
Cash and cash equivalents	9 854	6 205
Of which restricted bank balances	9 785	6 134

NOTE 20. Share capital and shareholder information

Share capital in parent company as of 31 December 2012:

	No. of shares	Nominal	Value
Ordinary shares	43 572 191	1,00	43 572 191

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

Ownership structure – the 20 largest shareholders as of 31 December 2012:

Shareholder	No. of shares	Shareholding	Voting rights
Gåsø Næringsutvikling AS	6 259 724	14.37 %	14.37 %
Glastad Invest AS	5 317 861	12.20 %	12.20 %
Egil Kristoffersen og Sønner AS	4 234 059	9.72 %	9.72 %
Havbruksinvest AS	3 526 312	8.09 %	8.09 %
Måsøval Eiendom AS	3 488 022	8.01 %	8.01 %
Kverva AS	2 501 715	5.74 %	5.74 %
Lovundlaks AS	2 292 454	5.26 %	5.26 %
Nyhamn AS	2 013 371	4.62 %	4.62 %
Sparebanken Midt-Norge Invest AS	1 656 663	3.80 %	3.80 %
Hellesund Fiskeoppdrett AS	1 541 450	3.54 %	3.54 %
Henden Fiskeindustri AS	639 502	1.47 %	1.47 %
Colebros LLC	502 065	1.15 %	1.15 %
Atoli AS	500 752	1.15 %	1.15 %
Wilsgård Fiskeoppdrett AS	468 689	1.08 %	1.08 %
MP Pensjon PK	450 700	1.03 %	1.03 %
Gry Marit Eikremsvik	430 000	0.99 %	0.99 %
Alf Pedersen	267 503	0.61 %	0.61 %
Barbinvest AS	252 850	0.58 %	0.58 %
Kontrari AS	250 000	0.57 %	0.57 %
Måsøval Fishfarm AS	240 219	0.55 %	0.55 %
Total 20 largest shareholders	36 833 911	84.54 %	84.54 %
Total other shareholders	6 738 280	15.46 %	15.46 %
Total no. of shares	43 572 191	100.00 %	100.00 %

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

		No. of shares	Shareholding	Voting rights
Helge Gåsø v/Gåsø Næringsutvikling AS	Chair	6 259 724	14.37 %	14.37 %
Kristine Landmark	Vice Chair	38 000	0.09 %	0.09 %
Endre T. Glastad v/Glastad Invest AS	Board member	5 317 861	12.20 %	12.20 %
John Binde v/Kabuso AS og Barbinvest AS *	CEO	502 900	1.15 %	1.15 %
Ola Loe	CFO	111 725	0.26 %	0.26 %
Roger Bekken	COO	77 550	0.18 %	0.18 %
Klaus Hatlebrekke	COO	65 000	0.15 %	0.15 %

* CEO owns 50 per cent of the shares in Barbinvest AS. Barbinvest AS owned 252,850 shares in NRS as of 31 December 2012.

Treasury shares:

The board is authorised to acquire treasury shares up to a total nominal value of NOK 4,357,219. This authority runs until the Annual General Meeting in 2013, however not later than 30 June 2013. On the acquisition of such shares, the purchase price per share may not be less than a nominal value of NOK 1.00 and not more than NOK 45.00. The Group acquired 1,467,442 treasury shares in connection with the sale of Lingalaks in 2011. The market value on acquisition was NOK 20. These were sold in connections with the private placement in March 2012 at a price of NOK 8 per share. The group own no treasury shares at the end of 2012.

Board mandates:

The board is authorised to increase the share capital by up to NOK 4,357,219. This authority runs until the Annual General Meeting in 2013, however not later than 30 June 2013.

Dividend:

Dividends paid in 2012 and 2011 were KNOK 0 and 34,711 (NOK 0,91 per share) respectively. There is not proposed dividend based on the annual accounts for the financial year 2012. The resolution will be adopted at the Annual General Meeting of 22 May 2013.

NOTE 21. Earnings per share

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

Result allocated to majority shareholders:

(NOK 1 000)	2012	2011
Majority share of net result for the year	28 191	2 140
Fair value adjustments	-46 539	60 146
Tax on changes in fair value adjustments	13 031	-16 841
Majority share of value-adjusted result for the year	-5 317	45 445
Weighted average number of ordinary shares outstanding	42 682 265	37 731 467

Basic earnings per share	2012	2011
Basis	0,66	0,06
Diluted	0,66	0,06
Value-adjusted earnings per share	2012	2011
Basis	-0,12	1,20
Diluted	-0,12	1,20

Shares outstanding:

(NOK 1 000)	2012	2011
Shares outstanding as of 1 January	38 143 641	37 219 974
Issue effects	3 961 108	2 381 885
Effect of purchase of treasury shares	0	-1 467 442
Effect of sale of treasury shares	1 467 442	9 224
Shares outstanding as of 31 December	43 572 191	38 143 641

NOTE 22. Interest bearing debt

Long-term interest bearing debt:

(NOK 1 000)	31.12.2012	31.12.2011
Debt to financial institutions	243 892	227 094
Long-term finance leases	82 203	91 705
Other long-term debt	2 197	2 085
Total long-term interest bearing debt	328 292	320 884

Short-term interest bearing debt:

(NOK 1 000)	31.12.2012	31.12.2011
Liabilities to financial institutions	212 193	193 102
First year's instalment long-term debt	35 444	23 952
Total short-term interest bearing debt	247 637	217 054

Total interest bearing debt

Cash and cash equivalents	9 854	6 205
Net interest bearing debt	566 075	531 733

Limit credit facility	357 500	325 000
Drawn upon credit facility	212 193	193 102
Unutilised drawing rights	131 898	131 898

Group loan agreements

Long-term debt associated with the group loan agreement total KNOK 225,000. The loan is interest-only until 2013, and is thereafter repayable in instalments corresponding to a 20-year repayment period. The borrowing agreement expires 1 January 2015. The Group has a multi-currency credit line with a limit of KNOK 317,500. The loan agreement covers all Group companies, except Nord Senja Laks AS which has its own loan agreement as described below.

Interest on the long-term debt is floating and linked to NIBOR plus a margin depending on the consolidated NIBD/EBITDA ratio and the equity ratio. Interest on the multi-currency credit line is a 3-month NIBOR/EURIBOR/LIBOR plus a margin.

Nord Senja Laks AS

Long-term debt is associated to a loan agreement with the group's main bank connection of a total KNOK 30,000. The loan is interest-only. The borrowing agreement expires 1 January 2015. The company has a credit line with a limit of KNOK 40,000. Interest on the debt is floating and linked to NIBOR plus a margin depending on the NIBD/EBITDA ratio.

Nord Senja Laks AS also has a smaller long-term loan with book value of KNOK 188,8 as of 31 December 2012. The interest rates are three-month NIBOR plus a margin.

Leasing liabilities

As of 31 December 2012 the book value of the company's leasing liabilities amounted to KNOK 106,350. Interest rates on these leasing liabilities are three-month NIBOR plus a margin.

Financial covenants

The Group's loan covenants are based on standard ratios for solidity (equity) and earnings (net interest bearing debt/EBITDA). The group has been exempt from the covenant saying that net interest bearing debt shall not exceed 6.5 times a 4-quarters rolling EBITDA in 2012 and the first half of 2013. This covenant will apply from the third 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 ratio of at least 30 per cent in 2012, and from the first quarter of 2013 the covenant increases to 35 per cent. At the end of 2012 the Group is in compliance with the terms of its loan agreements.

Foreign currency exposure in connection with company's interest bearing debt at 31 December 2012:

(NOK 1 000)	NOK	EUR	USD	SEK	JPY	Andre	Total
Long-term interest bearing debt	328 292	0	0	0	0	0	328 292
Short-term interest bearing debt	88 772	87 012	61 891	264	9 208	490	247 637
Total interest bearing debt	417 064	87 012	61 891	264	9 208	490	575 929

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

Maturity structure of Group's interest-bearing debt:

(NOK 1 000)	31.12.2012	2013	2014	2015	2016	2017	After 2017
Long-term debt to financial institutions *	255 189	11 297	11 297	232 547	48	0	0
Long-term finance leases *	106 351	24 148	22 410	21 738	16 802	9 690	11 564
Other long-term debt	2 197	0	0	0	0	0	2 197
Short-term debt to financial institutions	212 192	212 192	0	0	0	0	0
Total interest bearing debt	575 929	247 637	33 707	254 285	16 850	9 690	13 761

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

NOTE 23. Pledges and guarantees etc.**Reported liabilities secured by pledge:**

(NOK 1 000)	31.12.2012	31.12.2011
Long-term liabilities to financial institutions	243 892	227 094
Long-term finance leases	82 203	91 705
Other secured liabilities	247 637	217 054
Total liabilities secured by pledges	573 732	535 853
Guarantee obligations and guarantor liabilities	2 611	6 365

The Group has also pledged a guarantee for Haugesund Sparebank in connection with liabilities assumed by one of the Group's associates. The guarantee liability has an upper limit of KNOK 94.

Book value of assets pledged:

(NOK 1 000)	31.12.2012	31.12.2011
Concessions	502 887	502 887
Property, plant and equipment	178 899	177 311
Shares	111 120	99 472
Inventories and biological assets	546 556	406 731
Trade receivables	286 918	227 901
Other receivables	25 214	29 488
Total book value of pledged assets	1 651 594	1 443 790

NOTE 24. Other current liabilities**Specification of other short-term liabilities:**

(NOK 1 000)	31.12.2012	31.12.2011
Official taxes due	5 126	4 034
Interest rate swap agreement	4 258	2 315
Holiday pay	6 283	4 927
Other short-term liabilities and accruals	11 704	3 284
Total other short-term liabilities	27 371	14 560

NOTE 25. Derivatives**As of 31 December 2012**

(NOK 1 000)	Other short-term receivables	Other current liabilities
Forward currency contracts	1 052	0
Financial Fish Pool contracts	0	3 318
Interest rate swap	0	4 258
Total	1 052	7 576

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	USD	3 500	15.02.13-28.10.13	5.816-5.866	816
Forward currency contracts – fair value hedging	Sale	EUR	9 000	27.06.13	7.460	235
Total forward currency contracts						1 052

Forward currency contracts

Forward currency contracts are recognised at fair value at the balance sheet date. As of 31 December 2012 forward currency contracts totalled KEUR 9,000 and KUSD 3,500. These contracts mature between 15 February 2013 and 28 October 2013, and are used to hedge cash flows expected to arise during this period and reduce foreign currency exposure on receivables. The cash flow hedging satisfy the demands for hedge accounting and the changes in unrealised value are recognised in other comprehensive income. Realised profit/loss on the contracts are recognised in revenues.

Financial Fish Pool contracts

Contracts have been signed to purchase 1,440 tonnes on the Fish Pool salmon exchange. The contract prices are in the range NOK 30.00–NOK 30.50 and cover the period from January to December 2012. The sales department enters into the contracts with the aim of hedging margins linked to deliveries of fixed-price contracts to customers. The sales department has also entered into an agreement to sell 1,200 tonnes on Fish Pool with the aim of hedging margins linked to deliveries of a fixed-price contract with a supplier. The contract price is NOK 30.25 and cover the period from January to May 2013. In addition to these agreements the group has entered into agreements to sell 2,400 tonnes on Fish Pool. The contract prices are in the range NOK 28.95–NOK 30.00 and cover the period January to December 2013. The aim with the contracts is to hedge the price on own-produced fish.

Interest rate swap

NRS entered into an interest rate swap agreement in 2011. The interest rate swap is not recognized as hedge accounting. Subsequent the fair value changes on the agreement will be charged to the income statement as a part of other net financial items.

Currency	Amount	NRS pays	NRS receives	Maturity	Market value 31.12.11	Market value 31.12.12	Change in market value 2012
NOK	100 000	Fixed 3.37%	3 MND NIBOR	07.09.16	-2 315	-4 258	-1 943

As of 31 December 2011

(NOK 1 000)	Other short-term receivables	Other current liabilities
Forward currency contracts	3 864	0
Financial Fish Pool contracts	730	0
Interest rate swap	0	2 315
Total	4 594	2 315

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging		EUR	4 900	15.03.12-17.12.12	7.866-8.023	669
Forward currency contracts – fair value hedging		EUR	12 000	21.06.12	8.110	3 195
Total forward currency contracts						3 864

NOTE 26. Operating leases

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

Specification of operating leases: (NOK 1 000)	Lease term	Annual leasing charges
Property lease Trondheim	31 March 2015	868
Property lease Kristiansand	Three months' notice	281
Property rental leases		842
Leases other equipment		522
Annual operating lease costs		2 513

NOTE 27. Fair value adjustments

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

Specification of fair value adjustments in the income statement:

(NOK 1 000)	2012	2011
Change in fair value adjustments of biomass	54 570	-69 841
Change in provision for onerous contracts	-1 095	0
Change in unrealised gains/loss on financial Fish Pool contracts	-4 048	-786
Total fair value adjustments	49 428	-70 627

Specification of fair value adjustments in the balance sheet:

(Tall i NOK 1 000)	31.12.2012	31.12.2011
Fair value adjustments of biomass	59 729	5 159
Provision for onerous contracts	-1 095	0
Unrealised gains/loss on financial Fish Pool contracts	-3 318	730
Total fair value adjustments	55 316	5 889

NOTE 28. Related parties**Group transactions with related parties:****Goods and services purchased:**

(NOK 1 000)	2012	2011
Associates – products purchased	154 448	72 747
Associates – services purchased	35 630	18 350
Associates – equipment hire	350	150
Enterprise controlled by board members – purchase of services	4 936	280
Total goods and services purchased from related parties	195 364	91 527

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

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

Wellboat services are purchased from enterprises controlled by the company's Chair Helge Gåsø. These services are priced at market terms.

Trade payables due to services purchased:

(NOK 1 000)	2012	2011
Associates	45 203	6 893
Total services purchased from related parties	45 203	6 893

Loans to related parties:

(NOK 1 000)	2012	2011
<i>Loans to CEO:</i>		
Book value 1 January	266	257
Interest added to loan	6	8
Book value 31 December	273	266

NOTE 29. Subsequent events

28 February Norway Royal Salmon ASA acquired 1,656,663 treasury shares at NOK 21.50 per share. 12 March the company sold 1,600,000 treasury shares at NOK 20.50 per share and entered into a TRS (Total Return Swap) agreement relating to 1,600,000 shares in Norway Royal Salmon ASA. The expiration date of the TRS agreement is 11 June 2013 and the exercise price in the agreement is NOK 20.6791 per share. 14. March the company entered into another TRS agreement relating to 654,864 shares in Norway Royal Salmon ASA. The expiration date of the TRS agreement is 14 June 2013 and the exercise price in the agreement is NOK 22.9338 per share. In connection with the share-based incentive scheme the company sold 26,579 treasury shares on 4 April. The company holds 30,084 treasury shares, constituting 0.069 percent of the issued share capital. The company's total underlying exposure through TRS agreements is 2,254,864 shares, constituting 5.175 percent of the issued share capital.



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Income statement

(Taill i NOK 1 000)	Note	2012	2011
Sales revenues	2	1 732 563	1 681 171
Other operating revenues	14	6 864	6 505
Total sales revenues		1 739 427	1 687 677
Cost of materials	14	1 688 045	1 636 580
Personnel expenses	3,5	32 146	30 503
Depreciation	7	840	716
Other operating expenses	4	14 180	16 292
Total operating expenses		1 735 210	1 684 092
Net operating result		4 217	3 585
Financial items			
Income from associates and subsidiaries	6,8	-4 354	19 088
Other interest income	6,14	14 850	9 129
Other financial income	6,14,18	110	42 848
Other interest expenses	6	-21 927	-15 886
Other financial expenses	6,18	-7 853	-2 356
Net financial items		-19 174	52 823
Result before tax		-14 957	56 408
Tax	13	2 835	575
Net result for the year		-12 122	56 982
Allocations:			
Allocated to/(from) reserve for valuation variances	12	-7 052	803
Allocated to/(from) other equity	12	-5 070	56 179
Total allocations		-12 122	56 982

Balance sheet

(NOK 1 000)	Note	31.12.2012	31.12.2011
Assets			
Non-current assets			
Intangible assets			
Deferred tax assets	13	6 754	3 814
Total intangible assets		6 754	3 814
Property, plant and equipment			
Fixtures, office equipment, etc.	7,16	1 396	1 476
Total property, plant and equipment		1 396	1 476
Non-current financial assets			
Investments in subsidiaries	8,16	346 536	356 363
Loans to group companies	10,14,16	4 244	4 032
Investments in associates	8,16	100 620	93 211
Loans to associates	10	1 200	0
Investments in other shares	9,16	417	319
Other non-current receivables	10,16	773	766
Total non-current financial assets		453 789	454 690
Total non-current assets		461 939	459 980
Current assets			
Inventory	11,16	5 760	6 470
Total inventory		5 760	6 470
Receivables			
Accounts receivables	14,16	281 092	210 297
Other receivables	14,16,18	20 007	20 587
Total receivables		301 099	230 884
Cash and cash equivalents	17	221 242	168 939
Total current assets		528 101	406 294
Total assets		990 040	866 274

EQUITY AND LIABILITIES (NOK 1 000)	Note	31.12.2012	31.12.2011
Equity			
Paid-in capital			
Share capital	12	43 572	39 611
Treasury shares	12	0	-1 467
Share premium fund	12	82 030	54 936
Other paid-in equity	12	1 190	704
Total paid-in capital		126 792	93 784
Retained earnings			
Reserve for valuation variances	12	96 428	103 480
Other equity	12	209 804	206 516
Total retained earnings		306 232	309 997
Total equity		433 024	403 780
Liabilities			
Provisions			
Pension liabilities	5	9 040	8 480
Total provisions		9 040	8 480
Other non-current liabilities			
Debt to credit institutions	15,16	225 000	225 000
Total other non-current liabilities		225 000	225 000
Current liabilities			
Accounts payables	14	310 807	220 082
Public charges payable		2 598	2 299
Other current liabilities	14	9 570	6 632
Total current liabilities		322 975	229 013
Total liabilities		557 015	462 494
Total equity and liabilities		990 040	866 274
Guarantee liabilities	16	2 611	6 365

Haugesund, 11 April 2013

 Helge Gåsø Chair	 Kristine Landmark Vice Chair	 Endre Glastad	 Inge Kristoffersen
 Åse Marie Valen Olsen	 Eva von Hirsch	 John Binde Chief Executive Officer	

Cash flow

(NOK 1 000)	Noter	2012	2011
Operating result		4 217	3 585
Depreciation	7	840	716
Pension costs with no cash effect		560	761
Share based payment		484	616
Change in inventories		710	-3 028
Change in accounts receivables		-70 795	42 973
Change in accounts payables		90 725	-24 422
Change in other current assets and other liabilities		-3 365	13 490
Net cash flow from operating activities		23 376	34 691
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		435	0
Payments for purchase of property, plant and equipment	7	-1 034	-752
Proceeds from investments in non-current financial assets	8	50	16 208
Proceeds from sale of financial assets		0	25 483
Proceeds from associated companies		-4 266	-1 903
Change in loans to subsidiaries, associates and others		-1 419	-2 040
Net cash flow from investing activities		-6 234	36 996
Cash flow from financing activities			
Net proceeds from IPO		30 499	40 112
Purchase/sale of treasury shares		11 739	0
Net interest paid		-7 077	-6 699
Group contribution paid		0	-6 016
Dividend payment		0	-34 711
Net cash flow from financing activities		35 161	-7 314
Net increase/ reduction in cash and cash equivalents		52 303	64 373
Cash and cash equivalents 1 January		168 938	104 565
Cash and cash equivalents 31 December		221 242	168 938

Notes to the Financial Statements

NOTE 1. Accounting principles

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

Principle for valuation and classification of assets and liabilities

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

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

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

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

Revenues

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

Expenses

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

Assets and liabilities in foreign currencies

Transactions in foreign currencies are translated at the exchange rate in effect on the date of the transaction. Monetary items, receivables and liabilities in foreign currencies are translated into NOK at the exchange rate in effect on the balance sheet date. Changes in exchange rates are recognised in the accounting period as a financial item.

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

Derivatives

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

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

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

Property, plant and equipment

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

Shares in subsidiaries and associates

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

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

Other investments in shares classified as non-current assets

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

Inventory

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

Receivables

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

Bank deposits, cash and cash equivalents

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

Pensions

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

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

Tax

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

NOTE 2. Sales revenues

Specification of sales by region:

(NOK 1 000)	2012	2011
Norway	28 805	63 689
Western Europe	810 008	965 543
Eastern Europe & Russia	516 064	388 770
Asia & Middle East	380 168	267 242
Rest of the world	4 383	2 432
Total operating revenues	1 739 427	1 687 677

NOTE 3. Personnel expenses and benefits

(NOK 1 000)	2012	2011
Wages and salaries	24 367	23 472
National insurance contributions	4 030	3 333
Pension costs – defined benefits scheme	3 393	2 950
Other benefits	357	749
Total salary and personnel expenses	32 146	30 503
Average number of full-time-equivalents	33	32

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

NOTE 4. Auditor's fees

	Deloitte	
(NOK 1 000)	2012	2011
Statutory auditing services	220	223
Other attestation services	2	57
Tax advisory services	8	10
Other services	52	32
Total auditor's fees	282	322

All auditing costs are exclusive of VAT. NOK 7,920 have been charged directly to equity in connection with equity transactions.

NOTE 5. Pension costs and pension liabilities

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

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

Pension costs:

(NOK 1 000)	2012	2011
Current service cost	3 388	3 011
Interest cost	809	1 015
Expected return on plan assets	-791	-709
Administrational expences	169	0
Amortisation of net actuarial losses (gains)	212	0
Employee contributions to the scheme	-394	-367
Payroll tax of net pension cost	504	0
Net pension cost – defined benefit scheme	3 897	2 950

Assumptions	2012	2011
Discount rate	3.80 %	2.60 %
Expected return on plan assets	4.00 %	4.10 %
Future salary increases	3.50 %	3.50 %
Inflation rate	3.25 %	3.25 %
Future pension increase	0.20 %	0.10 %

Number of people covered by the scheme:

In work	34	33
Pensioners	2	2
Total	36	35

Net pension liabilities:

(NOK 1 000)	2012	2011
Pension liabilities	29 482	31 185
Fair value of plan assets	-20 846	-17 840
Accrued employer's national insurance contributions	1 218	1 882
Unrecognised actuarial gains and losses	-814	-6 746
Pension liability as of 31 December	9 040	8 480

NOTE 6. Financial income and financial expenses

Financial items included in the income statement:

(NOK 1 000)	2012	2011
Income from associates and subsidiaries	-4 354	19 088
Sale of associate ¹⁾	0	17 704
Sale of shares ²⁾	0	23 726
Interest income	14 851	9 129
Foreign exchange gains	0	1 299
Other financial income	110	120
Financial income	10 606	71 065
Interest expenses	21 927	15 886
Change in market value interest rate swap	1 943	2 315
Foreign exchange loss	1 311	0
Other financial expenses	4 599	41
Financial expenses	29 780	18 242
Net financial items	-19 174	52 823

1) Sale of Larssen Seafood AS

2) Sale of shares in Lingalaks AS

NOTE 7. Property, plant and equipment

	Operating consumables, fixtures, office equipment and vehicles	
(NOK 1 000)	2012	2011
Acquisition cost 1 January	5 898	5 145
Additions	1 034	752
Disposals	-868	0
Acquisition cost 31 December	6 064	5 898
Accumulated depreciation 1 January	4 421	3 706
Depreciation for the year	840	716
Disposals	-593	0
Accumulated depreciation 31 December	4 668	4 421
Book value 31 December	1 396	1 476
Useful economic life	5–7 years	5–7 years
Depreciation method	Straight-line	Straight-line
Annual leasing cost of uncapitalised operating assets	1 375	1 256

NOTE 8. Subsidiaries and associated companies

Company	Consolidated	Registered office	Last acquisition date	Additional acquisitions in the year	Voting and shareholding	Book value
Nor Seafood AS	Yes	Torsken	10.08.07		82.50 %	40 351
NRS Feøy AS	Yes	Feøy	10.10.07		100.00 %	85 560
NRS Finnmark AS	Yes	Alta	01.08.08		100.00 %	180 980
Nord Senja Laks AS	Yes	Botnhamn	01.07.10		66.67 %	39 644
Total investment in subsidiaries						346 536
Wilsgård Fiskeoppdrett AS	No	Torsken	19.08.08		37.50 %	38 114
Måsøval Fishfarm AS	No	Frøya	03.01.03		36.10 %	14 060
Hellesund Fiskeoppdrett AS	No	Høvåg	21.02.04		33.50 %	26 101
Ranfjord Fiskeprodukter AS	No	Mo i Rana	01.10.10	30.09.12	37.75 %	14 986
Hardanger Fiskeforedling AS	No	Strandebarm	16.05.11		31.10 %	5 342
Espevær Laks AS	No	Bømlo	10.02.06		37.50 %	1 967
Other	No					48
Total investment in associates						100 620

Subsidiaries:

(NOK 1 000)	Nord Senja Laks AS	Nor Seafood AS	NRS Feøy AS	NRS Finnmark AS	Total
Acquisition cost	41 019	23 691	81 198	125 592	
Paid excess value	24 473	14 045	18 162	77 824	
Opening balance 1 January 2012	37 613	37 912	95 647	185 191	356 363
Share of profit/loss for the year	1 851	2 216	-10 151	-4 211	-10 294
Equity adjustments and dividend	180	223	64	0	467
Closing balance 31 December 2012	39 644	40 351	85 560	180 980	346 536

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

Associated companies:

(NOK 1 000)	Wilsgård Fiskeoppdrett AS	Måsøval Fishfarm AS	Hellsund Fiskeoppdrett AS	Ranfjord Fiskeprodukter AS	Other	Total
Acquisition cost at 31.12.2012	25 011	10 977	17 472	19 241	7 626	
Paid excess value	17 205	7 699	11 807	12 211	0	
of which amortisable excess value/goodwill	0	0	0	11 211	0	
Excess value and goodwill as of 31 December 2012	17 205	7 699	11 807	7 756	0	
Opening balance 1 January 2012	36 344	15 644	21 011	14 917	5 295	93 211
Additions/disposals	0	0	0	3 253	1 013	4 265
Share of profit/loss for the year	1 770	1 163	5 140	-1 098	1 051	8 025
Amortisation of excess values and goodwill during the period	0	0	0	-2 085	0	-2 085
Dividend	0	0	-50	0	0	-50
Equity adjustments	0	-2 746	0	0	0	-2 746
Closing balance 31 December 2012	38 114	14 060	26 101	14 986	7 358	100 620

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

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

Income from subsidiaries and associates	2012
Share of profit/loss for the year from subsidiaries	-10 294
Share of profit/loss for the year from associates	8 025
Amortisation of excess values and goodwill, associates	-2 085
Total revenue recognised	-4 354

NOTE 9. Shares in other companies

Non-current assets: (NOK 1 000)	Share holding	Book value
Fiskerinæringens Innkjøpslag AS		1
Aqua Gen AS	0.2 %	416
Total investment in other shares		417

NOTE 10. Receivables due in more than one year

(NOK 1 000)	2012	2011
Loans to group companies	4 244	4 032
Loans to associates	1 200	0
Other receivables	500	500
Loans to employees	273	266
Total receivables due in more than one year	6 217	4 798

NOTE 11. Inventory

(NOK 1 000)	2012	2011
Finished goods	5 760	6 470
Total inventory	5 760	6 470

NOTE 12. Share capital and shareholders

	Number of shares	Nominal value	Book value
Share capital as at 31 Dec 2012 comprises the following classes of share:			
Ordinary shares	43 572 191	1.00	43 572 191

Norway Royal Salmon ASA had 649 shareholders as at 31 December 2012. All shares afford the same rights in the company. The board has proposed no payment of dividend for the year 2012. For details of the largest shareholders and shares owned by board members, the CEO and other senior executives, see Note 20 to the consolidated financial statements.

(NOK 1 000)	Share capital	Treasury shares	Share premium fund	Other paid-in equity	Reserve for valuation variances	Other equity	Total
Equity as of 31 December 2011	39 611	-1 467	54 936	704	103 480	206 516	403 780
<i>Change in the year:</i>							
Net result for the year	0	0	0	0	-7 052	-5 070	-12 122
Cash flow hedges	0	0	0	0	0	588	588
Share issues – net of transaction costs	0	0	0	484	0	0	484
Share based payment	3 961	0	27 094	0	0	-223	30 833
Purchase and sale of treasury shares	0	1 467	0	0	0	10 272	11 740
Other changes associated companies	0	0	0	0	0	-2 279	-2 279
Equity as of 31 December 2012	43 572	0	82 030	1 190	96 428	209 804	433 025

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.

NOTE 13. Taxation

(NOK 1 000)	2012	2011
Tax payable	0	0
Change in deferred tax	2 835	575
Tax related to profit/loss for the year	2 835	575

Tax payable in the balance sheet:

(NOK 1 000)	31.12.12	31.12.2011
Tax payable	0	0
Tax on group contributions	0	0
Tax payable	0	0

Specification of deferred tax and basis for deferred tax:

(NOK 1 000)	31.12.2012	31.12.2011
Property, plant and equipment	323	118
Inventories	137	600
Trade receivables	975	-788
Pensions	9 040	8 480
Other temporary differences	6 000	-2 809
Tax losses carried forward	7 645	8 019
Basis for deferred tax	24 121	13 621
Deferred tax assets	6 754	3 814
Deferred tax on items recognised directly in equity	105	1 680

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2012	2011
Result before tax	-14 957	56 408
28 % tax on profit	-4 188	15 794
28 % tax on permanent differences	133	576
Income from associates with the equity method and gains on shares	1 221	-16 945
Tax related to the result for the year	-2 835	-575
Effective tax rate *	19.0 %	-1.0 %

* Negative effective tax rate 2011 due to realisation of non-current financial assets (MNOK 41.6) is included in profit before tax.

NOTE 14. Intra-group transactions and balances

Intra-group balances:

	Non-current receivables		Trade receivables		Other current receivables	
(NOK 1 000)	2012	2011	2012	2011	2012	2011
Group companies	4 244	4 032	0	0	0	0
Associated companies	1 200	0	6	5	0	0
Total	5 444	4 032	6	5	0	0

	Trade payables		Other current liabilities	
(NOK 1 000)	2012	2011	2012	2011
Group companies	149 708	103 170	0	0
Associated companies	9 226	10 687	0	0
Total	158 934	113 857	0	0

Transactions with group companies:

(NOK 1 000)	2012	2011
Other operating revenues	2 500	2 100
Cost of goods sold	530 907	452 882
Other interest income	14 627	9 009

NOTE 15. Long-term liabilities

Instalment profile – debt to credit institutions:

(NOK 1 000)	2013	2014	2015	2016	Total
Debt to credit institutions	11 250	11 250	202 500	0	225 000
Total	11 250	11 250	202 500	0	225 000

Long-term debt associated with the group loan agreement total KNOK 225,000. The loan is interest-only until 2013, and is thereafter repayable in instalments corresponding to a 20-year repayment period. The borrowing agreement expires 1 January 2015. The company has a multi-currency credit line with a limit of TNOK 317,500.

Interest on the long-term debt is floating and linked to NIBOR plus a margin depending on the consolidated NIBD/EBITDA ratio and the equity ratio. Interest on the multi-currency credit line is a 3-month NIBOR/EURIBOR/LIBOR plus a margin. In addition has NRS entered into an interest rate swap agreement. 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.

The Group's loan covenants are based on standard ratios for solidity (equity) and earnings (net interest bearing debt/EBITDA). The group has been exempt from the covenant saying that net interest bearing debt shall not exceed 6.5 times a 4-quarters rolling EBITDA in 2012 and the first half of 2013. This covenant will apply from the third 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 ratio of at least 30 per cent in 2012, and from the first quarter of 2013 the covenant increases to 35 per cent. At the end of 2012 the Group is in compliance with the terms of its loan agreements.

NOTE 16. Assets pledged as securities, guarantees, etc.

Capitalised secured liabilities

(NOK 1 000)	31.12.2012	31.12.2011
Long-term debt to credit institutions	225 000	225 000
Short-term debt to credit institutions	0	0
Total secured liabilities	225 000	225 000

Book value of assets pledged as security

(NOK 1 000)	31.12.2012	31.12.2011
Shares	447 156	434 657
Property, plant and equipment	1 396	1 476
Inventories	5 760	6 470
Accounts receivables	281 092	210 297
Other receivables	26 224	25 385
Total secured liabilities	761 628	678 285

Guarantee liabilities

2 611 **6 365**

In addition to the above-mentioned guarantees, the company had the following liabilities as of 31 December 2012:

- 1) Norway Royal Salmon ASA has given guarantees to credit institutions with respect to some of its subsidiaries' leasing liabilities. As of 31 December 2012 the total recognised leasing liabilities for which NRS has pledged security amounted to KNOK 102 300.
- 2) Norway Royal Salmon ASA has given guarantees to certain of its subsidiaries' feed suppliers with respect to feed purchases. Recognised liabilities for which guarantees have been given as of 31 December 2012 amounted to KNOK 37,915.
- 3) Furthermore, Norway Royal Salmon ASA has joint and several liability up to a maximum of KNOK 500,000 for a group overdraft arrangement.

NOTE 17. Liquidity

As at 31 December 2012 the company had restricted deposits of KNOK 9,436. The funds have been pledged as security for the company's trading activities on Fish Pool.

NOTE 18. Derivatives

Forward currency contracts

Forward currency contracts are recognised at fair value at the balance sheet date. As of 31 December 2012 forward currency contracts totalled KEUR 9,000 and KUSD 3,500. These contracts mature between 15 February 2013 and 28 October 2013, and are used to hedge cash flows expected to arise during this period and reduce foreign currency exposure on receivables. The cash flow hedging satisfy the demands for hedge accounting and the changes in unrealised value are recognised directly against equity. Realised profit/loss on the contract are recognised in revenues.

As of 31 December 2012

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Salg	USD	3 500	15.02.13-28.10.13	5,816-5,866	816
Forward currency contracts – fair value hedging	Salg	EUR	9 000	27.06.13	7,460	235
Total forward currency contracts						1 052

As of 31 December 2011

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Salg	EUR	4 900	15.03.12-17.12.12	7,866-8,023	669
Forward currency contracts – fair value hedging	Salg	EUR	12 000	21.06.12	8,110	3 195
Total forward currency contracts						3 864

Financial Fish Pool contracts

Contracts have been signed to purchase 1,440 tonnes on the Fish Pool salmon exchange. The contract prices are in the range NOK 30.25–NOK 30.50 and cover the period from January to December 2012. The sales department enters into the contracts with the aim of hedging margins linked to deliveries of fixed-price contracts to customers. The sales department has also entered into an agreement to sell 1,200 tonnes on Fish Pool with the aim of hedging margins linked to deliveries of a fixed-price contract with a supplier. The contract price is NOK 30.25 and cover the period from January to May 2012. In addition to these agreements the group has entered into agreements to sell 2,400 tonnes on Fish Pool. The contract prices are in the range NOK 28.95-NOK 30.00 and cover the period January to December 2013. The aim with the contracts is to hedge the price on own-produced fish.

Interest rate swap

NRS entered into an interest rate swap in 2011.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.

Currency	Amount	NRS pays	NRS receives	Maturity	Market value 31.12.11	Market value 31.12.12	Change in market value 2012
NOK	100 000	Fixed 3.37 %	3 MND NIBOR	07.09.16	-2 315	-4 258	-1 943

NOTE 19. Financial risk

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

NOTE 20. Subsequent events

28 February Norway Royal Salmon ASA acquired 1,656,663 treasury shares at NOK 21.50 per share. 12 March the company sold 1,600,000 treasury shares at NOK 20.50 per share and entered into a TRS (Total Return Swap) agreement relating to 1,600,000 shares in Norway Royal Salmon ASA. The expiration date of the TRS agreement is 11 June 2013 and the exercise price in the agreement is NOK 20.6791 per share. 14 March the company entered into another TRS agreement relating to 654,864 shares in Norway Royal Salmon ASA. The expiration date of the TRS agreement is 14 June 2013 and the exercise price in the agreement is NOK 22.9338 per share. In connection with the share-based incentive scheme the company sold 26,579 treasury shares on 4 April. The company holds 30,084 treasury shares, constituting 0.069 percent of the issued share capital. The company's total underlying exposure through TRS agreements is 2,254,864 shares, constituting 5.175 percent of the issued share capital.





Responsibility statement from the Board of Directors and Chief Executive Officer

We confirm that, to the best of our knowledge, the financial statements for the period for 2012 for the group and the parent company have been prepared in accordance with applicable accounting standards, and that the accounts give a true and fair view of the group and the company's consolidated assets, liabilities, financial position and results of the operations per 31 December 2012.

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

Haugesund, 11 April 2013


Helge Gåsø
Chair


Kristine Landmark
Vice Chair


Endre Glastad


Inge Kristoffersen


Åse Marie Valen Olsen


Eva von Hirsch


John Binde
Chief Executive Officer

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Norway Royal Salmon ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Norway Royal Salmon ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2012, the income statement, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Norway Royal Salmon ASA as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Norway Royal Salmon ASA as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and statement of corporate governance principles and practices

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements, the going concern assumption and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

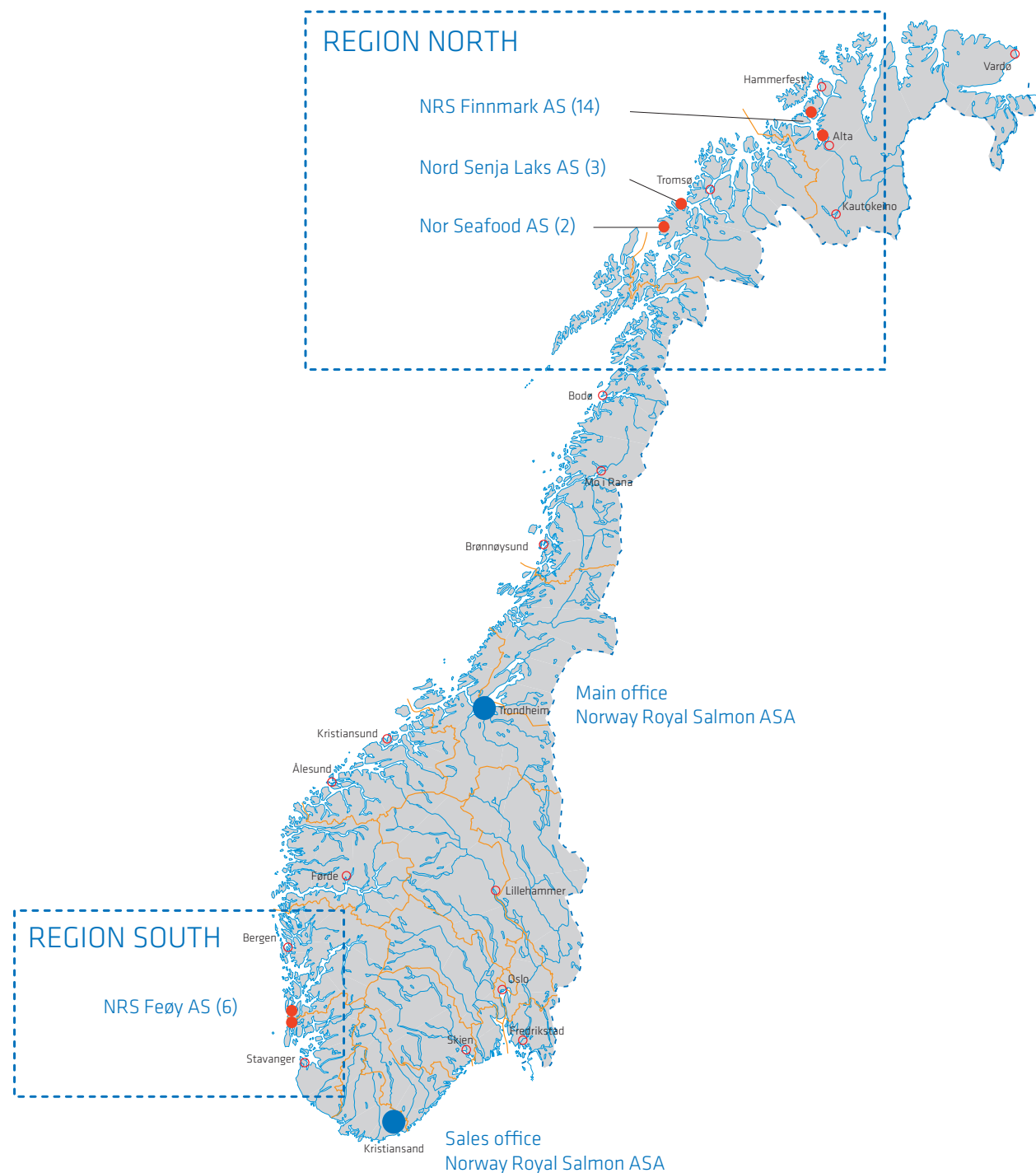
Trondheim, 11th of April 2013

Deloitte AS

Morten Alsos (signed)

State Authorised Public Accountant (Norway)

[Translation has been made for information purposes only]



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



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