

Royal Greenland A/S

Interim report

1 October 2011 – 31 March 2012

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Royal Greenland maintains its strategy and the positive trends

Royal Greenland's strategy, Naleraq 2013, sets out a number of sub-goals. The trends in H1 2011/12 meet these goals and reflect as general positive trends within the company.

Royal Greenland's earnings in H1 2011/12 amounted to DKK 71m. This is an increase of DKK 59m on last year's figures – which was already the best year for Royal Greenland for a relatively long time. Moreover, the interest-bearing debt is now reduced to the lowest level in the past five years.

Profit from ordinary operating activities (EBIT) amounts to DKK 144m corresponding to an EBIT margin of 5.4 % relative to 3.4% for the same period last year.

Turnover increased by 8% to DKK 2.7bn of which the volume increased by 3% while prices and product mix generated a growth rate of 5%.

The increase relates to both the North Atlantic and European business.

The North Atlantic business, which is primarily based on Greenlandic produce, is developing with great demand for especially shell-on prawns, halibut and cooked and peeled shrimp but also smoked produce and cod and haddock. The result for shell-on prawns is, however, challenged by poor fishing for a long period of time while increased sales of halibut cannot fully compensate for increasing commodity prices. Commodity costs for halibut have increased by approx. 25% on H1 2010/11 figures.

The positive trends in cooked and peeled shrimp are supported by the large investments made in the prawn factories in Ilulissat and Sisimiut with considerable cost savings as a result.

The European business is also developing profitably as both the activities in Wilhelmshaven and in Koszalin are contributing to the progress.

The Asian markets especially are profitable for Greenlandic produce but the UK and Germany also show higher earnings. The growth in the German market is primarily based on the product ranges from the factories in Wilhelmshaven and Koszalin.

Naleraq 2013 also focuses to a great extent on the interest-bearing debt and thus on Royal Greenland's margin today and in the future.

Royal Greenland's interest-bearing debt has been reduced by DKK 187m and now amounts to DKK 1,658m, which is the lowest level for the past five years. As planned, long-term loans of DKK 265m were repaid in H1.

The company's solidity has increased and amounts to 33% (incl. the subordinated loan capital). Return on the invested capital totalled 12% in H1.

Expected trends in the company

The expected trends of the year still follow Naleraq 2013, as described in the recent Annual Report.

Royal Greenland, thus, expects profit from ordinary operating activities (EBIT) to exceed DKK 200m and result after tax of more than DKK 100m and a reduction in the interest-bearing debt of at least DKK 250m.

Trends are driven by both the North Atlantic and the European business, the latter being the growth engine, while most of the earnings are generated by the North Atlantic business.

However, the commodity situation in Greenland is quite uncertain due to increased competition in relation to halibut and prawn.

Likewise, the markets and demand may be considerably affected by the general uncertainty in the world economy. However, Royal Greenland has been able to address these challenges in the past.

Nuuk, xx/xx 2012

Niels Harald de Coninck-Smith
Chairman of the board of directors

Mikael Thinghuus
CEO

Nils Duus Kinnerup
CFO

The group's key figures and ratios
H1
(million DKK)

| | <u>2007/08</u> | <u>2008/09</u> | <u>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| Earnings | | | | | |
| Net turnover | 2,643 | 2,618 | 2,191 | 2,482 | 2,686 |
| Profit from ordinary operating activities (EBIT) | 20 | (66) | 16 | 84 | 144 |
| Earnings before interest and tax | (82) | (76) | (56) | (36) | (48) |
| Profit before tax | (62) | (142) | (40) | 48 | 95 |
| Interim profit | (82) | (131) | (57) | 12 | 71 |
| Balance sheet | | | | | |
| Fixed assets | 1,461 | 1,342 | 1,339 | 1,345 | 1,205 |
| Net working capital | 1,343 | 1,584 | 1,160 | 1,425 | 1,563 |
| Equity | 811 | 648 | 789 | 810 | 966 |
| Net interest-bearing debt | 2,153 | 2,287 | 1,745 | 1,845 | 1,658 |
| Balance sheet total | 3,610 | 3,457 | 3,481 | 3,501 | 3,544 |
| Investments in tangible fixed assets | 121 | 73 | 48 | 76 | 21 |
| Key figures and ratios in % | | | | | |
| Operating margin (EBIT margin) | 0.8 | (2.5) | 0.8 | 3.4 | 5.4 |
| Pre-tax margin (EBT margin) | (2.3) | (5.4) | (1.8) | 1.9 | 3.6 |
| ROIC, including goodwill | 1.7 | (5.0) | 1.4 | 7.0 | 11.7 |
| Return on equity (ROE) | (19.1) | (35.8) | (13.6) | 4.5 | 16.9 |
| Equity interest | 22.5 | 18.7 | 22.7 | 23.2 | 27.3 |
| Net interest-bearing debt / EBITDA | 10.0 | 43.6 | 9.1 | 5.5 | 3.9 |

Company details

The company

Royal Greenland A/S

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Reg. No. 184.991

Financial year: 1. October – 30 September

Registered Office: Kommuneqarfik Sermersooq

The Greenland Home Rule holds all shares in the company

Board of directors

Niels Harald de Coninck-Smith, Chairman

Marie Fleischer, Vice-chairman

Svend Bang Christiansen

Sara Heilmann

Peder Tuborgh

Pernille Fabricius

Lars Berthelsen *)

Peter Korsbæk *)

Niels Ole Møller *)

*) appointed by the staff

Executive board

Mikael Thinghuus, CEO

Nils Duus Kinnerup, CFO

Auditors

KPMG Grønland Statsautoriseret Revisionsanpartsselskab

Group overview