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Royal Greenland A/S

Interim Report

1 October 2010 – 31 March 2011

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Company details

Company

Royal Greenland A/S

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Website: www.royalgreenland.com

Registration no.: 184.991

Financial year: 1st October – 30th September

Registered in: Sermersooq

Greenland Home Rule owns all shares in the Company

Supervisory Board

Niels Harald de Coninck-Smith, Chairman

Sven Lyse, Deputy Chairman

Svend Bang Christiansen

Otto Eliassen

Marie Fleischer

Sara Heilmann

Lars Berthelsen *)

Peter Korsbæk *)

Niels Ole Møller *)

*) employee representatives

Executive Board

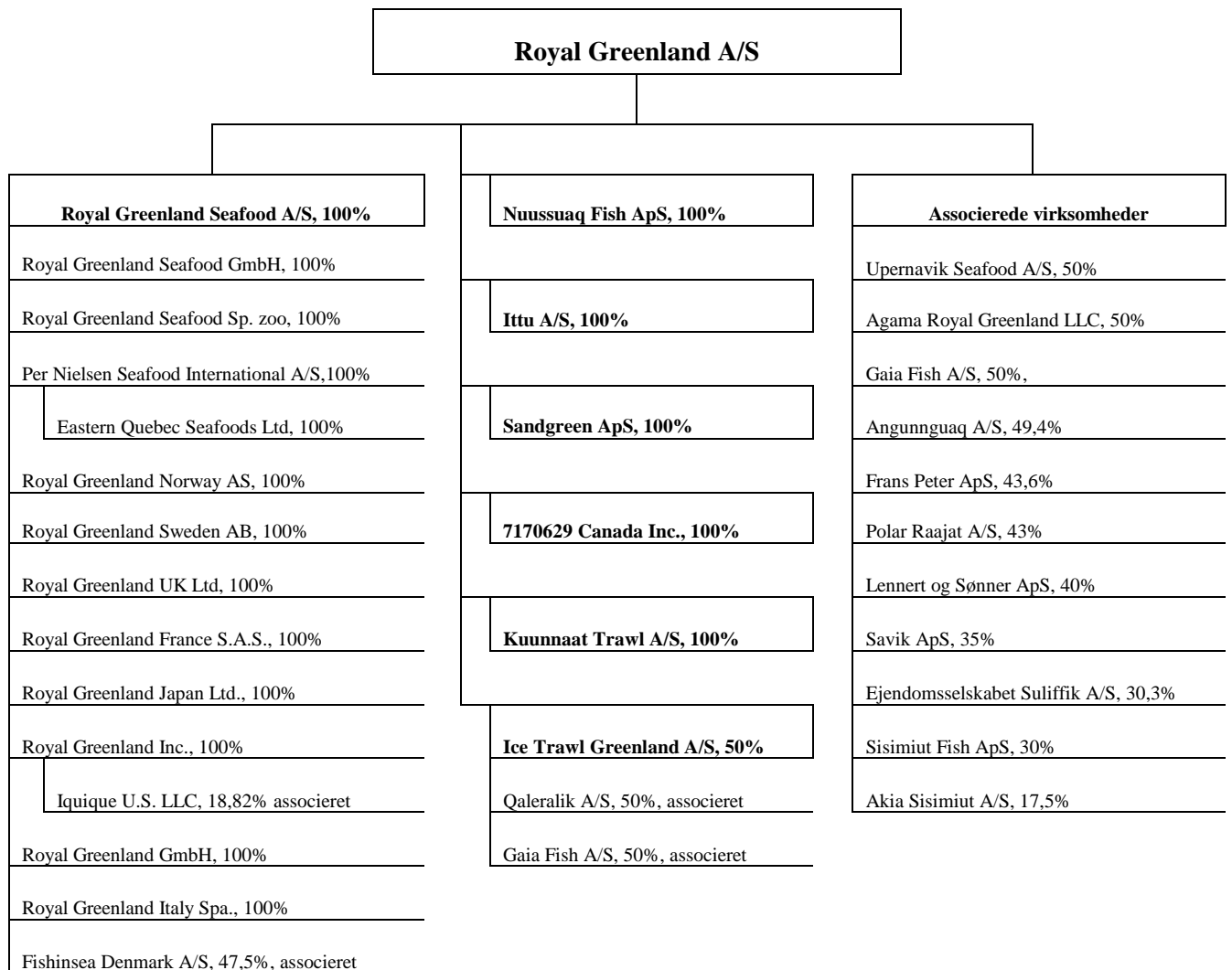
Mikael Thinghuus, President, CEO

Nils Duus Kinnerup, Chief Financial Executive, CFO

Auditors

Deloitte Statsautoriseret Revisionsaktieselskab

Group Chart



Financial highlights and key ratios

In the first half of the year

(DKK million)	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
Profit/loss					
Net revenue	2,550	2,643	2,618	2,191	2,482
Profit from ordinary operating activities (EBIT)	21	20	(66)	16	84
Net financials	(40)	(82)	(76)	(56)	(36)
Net profit before tax	(19)	(62)	(142)	(40)	48
Net profit for the year	(36)	(82)	(131)	(57)	12
Balance sheet					
Fixed assets	1,436	1,461	1,342	1,339	1,345
Net working capital	1,395	1,343	1,584	1,160	1,425
Equity	816	811	648	789	810
Net interest-bearing debt	2,069	2,153	2,287	1,745	1,845
Balance sheet total	3,575	3,610	3,457	3,481	3,501
Investments in property, plant and equipment	(45)	(121)	(73)	(48)	(76)
Ratios in %					
EBIT-margin	0.8	0.8	(2.5)	0.8	3.4
EBT-margin	(0.7)	(2.3)	(5.4)	(1.8)	1.9
ROIC including goodwill	1.7	1.7	(5.0)	1.4	7.0
Return on equity (ROE)	(8.6)	(20.2)	(36.0)	(14.1)	3.0
Equity ratio	22.8	22.5	18.7	22.7	23.2
Net interest-bearing debt / EBITDA	10.2	10.0	43.6	9.1	5.5

Progress for Royal Greenland

In the first half of the financial year 2010/2011, Royal Greenland achieved a profit after tax and minority interests of DKK 12 million. This is the first time in five years that the Group has announced positive interim results.

The interim result is DKK 69 million better than the previous year, when Royal Greenland had a half-year loss of DKK 57 million.

Royal Greenland achieved an operating profit (EBIT) of DKK 84 million for H1, which is also its best result in five years.

The markedly improved profits are partly the result of a successful turnaround project, and partly due to the fact that Royal Greenland has gained market share in all major markets.

Royal Greenland experienced significant growth, with a rise in revenue of 13% compared to the previous year. There has been growth in virtually all markets, but France, China and the Nordic markets have shown particular progress.

A significant portion of the growth was created on the basis of Greenland products, including both boiled and peeled prawns, and shell-on prawns. In addition, as a direct result of its acquisition of the factory in Cuxhaven in northern Germany last spring, Royal Greenland has posted some very positive figures for lump-sucker roe.

Demand for our Greenland products is favourable, but earnings are being challenged by rising raw materials prices for halibut and prawn. The average cost per kg of these species is about 20% higher than last year. This figure does not include the subsequent price increases for halibut in the Uummannaq and Upernavik areas, and the price of lump-sucker roe is also expected to be around 30% higher than last year.

As is well known, the cost of electricity, water and transport is much higher in Greenland than in other countries where Greenland species are otherwise fished. As consumer prices are approximately the same irrespective the country of origin of the fish, Royal Greenland must as far as possible seek to compensate for its higher infrastructure costs by investing in automation and processing.

The modernisation implemented at the prawn processing plant in Ilulissat is one expression of this automation and processing strategy. A similar modernisation programme is now being concluded at the prawn processing plant in Sisimiut, and two weeks ago, a major investment was completed at the halibut factory in Qasigiannuit which will enable a greater degree of processing in products from Greenland.

Royal Greenland's European factories in Wilhelmshaven, Germany and Koszalin, Poland have also generated increased activity.

Royal Greenland's financial flexibility is intact, with a positive cash flow from operations of DKK 129 million. The Group's liquidity binding will continue to be a constant area of focus.

During the autumn, Royal Greenland will repay DKK 315 million of the Group's debt, including the first DKK 50 million instalment on the subordinated loan from the government of Greenland. These payments are expected to be completed within the existing financial framework.

The company's equity ratio has risen, and now comprises 30% (including the subordinated loan capital). Return on invested capital in the first half-year amounted to 7%.

Outlook for the company

In connection with the appointment of the new management and the implemented turnaround project, Royal Greenland is in the process of defining a new strategy to develop and strengthen the company. The first results of this work will already have an impact in the financial year 2011/2012.

For the current year, an operating profit in the region of DKK 180-190 million is expected, and a result after minority interests and tax in the region of DKK 50-75 million.

It is however emphasised that there are uncertainties associated with market trends in Japan, as a consequence of the earthquake and subsequent tsunami. Japan is an important market for Royal Greenland, with a sales share of almost 10%.