QUARTERLY REPORT

First quarter 2019





Passion for Salmon

SALMAR

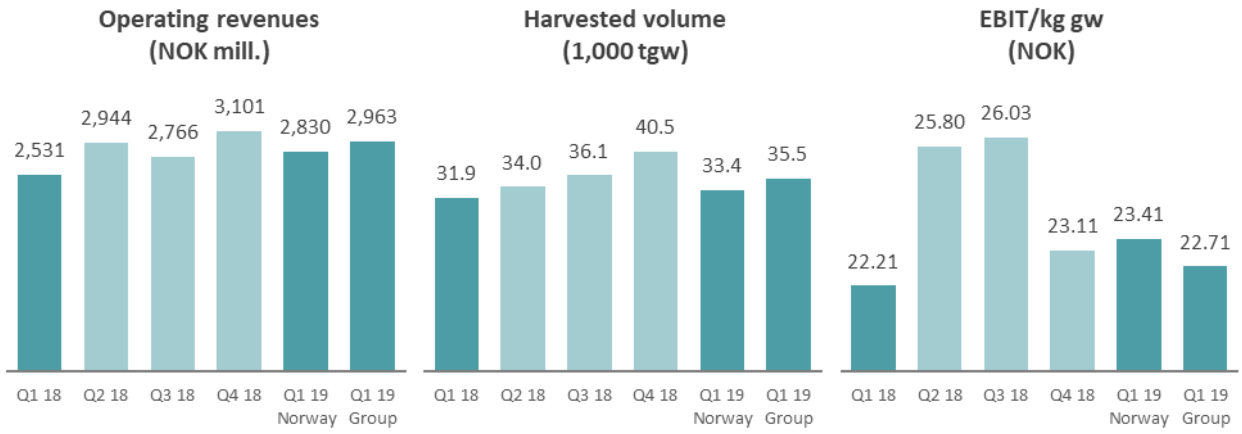
RESULTS FOR THE FIRST QUARTER 2019

HIGHLIGHTS

- Total Operational EBIT of NOK 806 million, giving an EBIT per kg of NOK 22.71
- Approx. 35,500 tonnes harvested in the quarter
- Shareholding in Arnarlax increased to 54 per cent in the first quarter and to 62 per cent in April
- Forecast for 2019 of 145,000 tonnes harvested in Norway and 10,000 tonnes on Iceland maintained

KEY FIGURES - GROUP

NOK million	Q1 2019	Q1 2018	FY 2018
Operating revenue	2,963.4	2,531.0	11,342.6
Operational EBIT	806.2	708.1	3,460.8
Operational EBIT %	27.2 %	28.0 %	30.5 %
Fair value adjustments	-172.8	151.6	845.8
Profit/loss from associates	28.7	57.5	252.9
Profit/loss before tax	851.4	913.4	4,452.6
EPS – diluted	6.37	6.33	31.60
NIBD	1,194.4	735.3	1,527.7
Equity ratio %	63.2%	62.2%	60.4 %
Harvested volume (1,000 tgw)	35.5	31.9	142.5
EBIT/kg gw (NOK)	22.71	22.21	24.29



FINANCIAL PERFORMANCE

In the first quarter 2019, SalMar increased its shareholding in Arnarlax from 42 per cent to 54 per cent with effect, for accounting purposes, from 1 February 2019. As a result, Arnarlax was reported as an associate in January and was included in the consolidated financial statements from and including 1 February 2019. Comparable figures for the first quarter 2018 have not been adjusted for this.

A new accounting standard for leasing contracts, IFRS 16, came into effect on 1 January 2019. The standard has been implemented in SalMar's financial statements for the first quarter 2019, and has had a major impact on some items in the income statement and balance sheet. The effects are presented as a whole in Note 1 to the financial statements, while certain effects are referred to in the following.

Revenues and results in the first quarter 2019

SalMar achieved a good financial result in the first quarter 2019. The volume harvested by the company's largest segment, Fish Farming Central Norway, was slightly lower than in the corresponding period last year. However, the volume harvested by the Fish Farming Northern Norway segment was significantly higher.

The Group harvested a total of 35,500 tonnes of salmon in the first quarter 2019, compared with 40,500 tonnes in the fourth quarter 2018 and 31,900 tonnes in the first quarter last year. Arnarlax contributed 2,100 tonnes in the quarter.

In addition, Norskott Havbruk (Scottish Sea Farms) harvested 4,800 tonnes, compared with 6,700 tonnes in the previous quarter and 6,500 tonnes in the first quarter 2018. SalMar owns 50 per cent of Norskott Havbruk.

The average price of salmon (NASDAQ Salmon Index) in the first quarter 2019 came to NOK 62.13 per kg, up NOK 6.24 per kg from the previous quarter. This corresponds to an increase of 11 per cent. Compared with the first quarter 2018, the price of salmon was NOK 1.76 per kg higher.

SalMar generated gross operating revenues of NOK 2,963.4 million in the first quarter 2019, down from NOK 3,101.1 million in the previous quarter, but up from NOK 2,531.0 million in the first quarter 2018.

The Group achieved an Operational EBIT of NOK 806.2 million in the quarter, compared with NOK 934.9 million in the previous quarter and NOK 708.1 million in the corresponding quarter last year.

For the Group, this gives an Operational EBIT per kg of NOK 22.71 for the quarter, compared with NOK 23.11 for the previous quarter and NOK 22.21 in the first quarter 2018.

Please see the segment results for further details.

SalMar's most important key figure for measuring its performance under IFRS is Operational EBIT. This shows the result of the Group's underlying operations during the period. Specific items not associated with underlying operations are presented on separate lines.

Fair value adjustments reduced operating profit by NOK 172.8 million. The fair value of the standing biomass was reduced by NOK 217.4 million in the quarter, while the value of unrealised losses on contracts, financial Fish Pool contracts and currency positions increased by a total of 44.6 million. See Note 4 for further details.

Operating profit in the first quarter 2019 totalled NOK 633.3 million, compared with NOk 1,348.6 million in the fourth quarter last year and NOK 859.8 million in the first quarter of 2018. Operating profit in the first and fourth quarters of 2018 was boosted by fair value adjustments of NOK 413.7 million and NOK 151.6 million respectively.

Associates contributed NOK 28.7 million in the period, compared with NOK 57.5 million in the first quarter last year. The bulk of this contribution derives from SalMar's share of the profit in Norskott Havbruk, since Arnarlax was consolidated into the financial statements from 1 February this year.

Net interest expenses totalled NOK 37.1 million in the quarter, NOK 13.1 million of which comprised interest expenses relating to leasing liabilities. Net other financial items totalled NOK 226.5 million, most of which relates to a recognised gain resulting from Arnarlax switching from being an associate to a subsidiary. See Note 5 for further details.

SalMar made a profit before tax of NOK 851.4 million in the first quarter 2019, compared with NOK 913.4 million in the same period last year.

A tax expense of NOK 139.1 million has been calculated for the period, such that the Group's net profit for the quarter came to NOK 712.3 million. In the first quarter 2018, net profit totalled NOK 721.6 million.

Cash flow

(Figures in parentheses are for the same period last year)

The SalMar Group generated a cash flow from operating activities of NOK 800.0 million in the first quarter 2019 (NOK 632.2 million). During the period, the Group's net working capital rose by NOK 154.3 million (NOK 227.0 million).

Net cash flow from investing activities in the period totalled NOK -371.6 million (NOK -118.7 million). Investments relate primarily to the acquisition of shares in Arnarlax in the amount of net NOK 175.2 million and investments in property, plant and equipment in the amount of NOK 241.6 million. During the period, SalMar received NOK 83.0 million in dividends from Norskott Havbruk.

Day-to-day maintenance investments relating to fish farming accounted for NOK 116.5 million of the amount invested, the expansion of smolt production capacity accounted for NOK 47.8 million, while upgrades at InnovaMar and work on the projected design of the new InnovaNor facility accounted for 39.8 million.

The Group's net cash flow from financing activities totalled NOK -524.0 million (NOK -198.2 million), with interest-

bearing debt, including leasing liabilities, being reduced by NOK 487.0 million in the period (NOK -175.3 million).

Overall, this gave SalMar a net cash flow of NOK -95.7 million in the period (NOK 315.3 million). Adjusted for foreign exchange effects, this reduced the Group's total holding of cash and cash equivalents by NOK 97.3 million. As a result, cash holdings at the close of the quarter totalled NOK 142.3 million (NOK 489.1 million).

Financial position

As at 31 March 2019, SalMar's balance sheet totalled NOK 16,649.7 million, up from NOK 15,135.6 million at the close of the previous quarter and from NOK 13,462.5 million as at 31 March 2018. Arnarlax, with NOK 1,187.3 million in total capital, was consolidated into the accounts from 1 February 2019, while implementation of IFRS 16 increased total capital by a further NOK 369.3 million.

The book value of the Group's property, plant and equipment at the close of the period totalled NOK 3,732.7 million, a rise of NOK 141.2 million since the close of the previous period and NOK 154.7 million since the close of the first quarter 2018.

The book value of the Group's inventory at the close of the first quarter 2019 totalled NOK 5,837.4 million, a rise of NOK 71.8 million during the quarter, and of NOK 1,406.1 million since the close of the first quarter last year.

The fair value of the biomass was reduced by NOK 217.4 million, which is due to a decrease in the standing biomass.

At the close of the quarter, trade receivables totalled NOK 622.3 million, compared with NOK 630.1 million at the close of the fourth quarter 2018 and NOK 645.3 million at the close of the first quarter that year.

The SalMar Group had a combined cash holding of NOK 142.3 million as at 31 March 2019. This is NOK 97.3 million less than at 31 December 2018 and NOK 346.7 million less than at 31 March last year.

The Group's total equity at the close of March this year stood at NOK 10,522.9 million, which corresponds to an equity ratio of 63.2 per cent. For further details, see the table showing movements in equity in the period.

At the close of the first quarter 2019, the SalMar Group had a total interest-bearing debt of NOK 1,336.8 million. Of this amount, long-term debt to credit institutions accounted for NOK 738.3 million. Short-term debt to credit institutions accounted for NOK 598.0 million. Other non-current liabilities totalled NOK 0.4 million.

As a result of the implementation of IFRS 16, the Group's leasing liabilities have been recognised as debts in the amount of NOK 678.9 million. Long-term leasing liabilities relating to InnovaMar account for NOK 314.2 million of this and other long-term leasing liabilities for NOK 231.6 million. Short-term leasing liabilities total NOK 133.0 million.

Other current liabilities decreased by NOK 238.1 million in the quarter. This is largely attributable to a NOK 455.6 million reduction in trade payables. On the other hand, tax provisions increased by NOK 154.3 million in the period.

During the quarter, net interest-bearing debt relating to Arnarlax was recognised as a result of consolidation. When the acquisition took place, this stood at NOK 371.2 million. At the close of the first quarter 2019, the SalMar Group had net interest-bearing debt of NOK 1,194.4 million, a decrease of NOK 333.3 million since the close of the previous quarter, but an increase of NOK 459.1 million since the close of the first quarter last year.

OPERATIONAL PERFORMANCE

In the first quarter 2019, SalMar is reporting its operations in four segments: Fish Farming Central Norway, Fish Farming Northern Norway, Arnarlax and Sales and Processing.

Fish Farming Central Norway

Fish Farming Central Norway is SalMar's largest business segment. It covers the Group's operations in Møre & Romsdal and Trøndelag, and has 68 wholly owned operating licences.

NOK million	Q1 19	Q1 18	2018
Operating revenue	1,177	1,376	5,962
Operational EBIT	473	531	2,533
Operational EBIT%	40.2%	38.6%	42.5%
Harvested volume (1 000 tgw)	18.2	22.3	100.1
EBIT/kg gw (NOK)	25.91	23.82	25.31

In the first quarter 2019, Fish Farming Central Norway harvested a total of 18,200 tonnes of salmon, compared with 22,300 tonnes in the corresponding period last year.

The bulk of the fish harvested in the quarter had been transferred to the sea in the autumn of 2017. Premature harvesting due to illness at some sites led to a higher production cost per kg compared with previous quarters.

The segment generated operating revenues of NOK 1,176.6 million in the quarter, down from NOK 1,376.2 million in the same period last year. The decrease is attributable primarily to a lower volume harvested. Price achievement in the quarter was good.

Fish Farming Central Norway achieved an EBIT per kg gutted weight of NOK 25.91 in the first quarter, up from NOK 23.82 per kg in the first quarter last year. The increase is attributable primarily to improved price achievement.

SalMar expects the segment to post a slight reduction in costs and a higher volume harvested in the second quarter 2019, compared with the first quarter 2019.

In 2019 as a whole, SalMar expects Fish Farming Central Norway to harvest some 95,000 tonnes of salmon. This is unchanged from the estimate published at the close of the previous quarter.

Fish Farming Northern Norway

Fish Farming Northern Norway covers the Group's operations in Troms and Finnmark, and has 32 wholly owned operating licences.

NOK million	Q1 19	Q1 18	2018
Operating revenue	900	561	2,645
Operational EBIT	349	231	1,154
Operational EBIT%	38.7%	41.1%	43.6%
Harvested volume (1 000 tgw)	15.1	9.6	42.4
EBIT/kg gw (NOK)	23.05	24.02	27.24

In the first quarter 2019, Fish Farming Northern Norway harvested a total of 15,100 tonnes of salmon, up 5,500 tonnes on the corresponding quarter last year.

The segment posted a slightly weaker than expected financial result in the period, due in part to increased sanitary costs relating to the harvesting of fish from the ISA zone. At the same time, price achievement in the quarter was negatively affected by somewhat lower average weights and an unfavourable harvesting schedule. The fish harvested by Fish Farming Northern Norway in the first quarter 2019 were transferred to the sea in the spring and autumn of 2017.

The segment generated operating revenues of NOK 900.3 million in the period, compared with NOK 561.1 million in the corresponding period in 2018. The increase is attributable to the higher volume harvested.

EBIT per kg totalled NOK 23.05 in the first quarter, down from NOK 24.02 per kg in the same period last year. The decrease is attributable primarily to increased sanitary costs related to harvesting.

This segment is expected to see a slight decrease in costs and volume harvested in the second quarter 2019 compared with the first quarter of 2019.

In 2019 as a whole, SalMar expects Fish Farming Northern Norway to harvest around 50,000 tonnes of salmon. This is unchanged from the estimate published at the close of the previous period.

Arnarlax

Arnarlax is Iceland's largest producer and processor of farmed salmon. The company is fully vertically integrated, with its own hatchery, sea farms, harvesting plant and sales force.

NOK million	Q1 19*	Q1 18	2018
Operating revenue	133	140	400
Operational EBIT	25	-40	-79
Operational EBIT%	18.9%	-28.8%	-19.7%
Harvested volume (1 000 tgw)	2.1	2.6	6.7
EBIT/kg gw (NOK)	11.77	-15.65	-11.82

** Figures for Q1 2019 apply to the period February–March 2019, following Arnarlax's consolidation into SalMar's financial statements. The figures for 2018 are unconsolidated.*

By means of a share purchase in February 2019, SalMar increased its shareholding in Arnarlax from 41.95 per cent to 54.23 per cent. By means of a compulsory purchase offer in April 2019, it increased its shareholding further to 61.77 per cent. As a result, this interim report treats Arnarlax as an associate in January, with SalMar's share of the company's net profit/loss recognised as financial income. For February and March, it is reported as a separate segment, fully consolidated into SalMar's financial statements.

For SalMar, its investment in Arnarlax is a natural and important part of its growth strategy, along with offshore fish farming. The Group has great faith in the future of both Arnarlax and the rest of Iceland's aquaculture industry. At the same time, SalMar expects it will take time before Arnarlax is able to perform at the same level as the operations in Norway and Scotland.

Bjørn Hembre took over as Arnarlax's new CEO at the start of January 2019. Mr Hembre has previously held several senior management positions at SalMar and brings with him strong competence from his time with the Group.

Arnarlax harvested around 2,100 tonnes in February and March 2019. During the same period, it generated gross operating revenues of NOK 132.9 million and made an Operational EBIT of NOK 25.2 million. This corresponds to an EBIT per kg of NOK 11.77.

Operational improvements enabled the company to post a profit in the period, despite costs relating to high mortality at certain sites caused in large part by winter wounds.

In 2019 as a whole, SalMar expects the company to harvest around 10,000 tonnes. This is unchanged from the estimate published at the close of the previous quarter.

Sales and Processing

The Sales and Processing segment sells all the fish that the Group harvests in Norway. The harvested volume is sold primarily to markets in Europe, Asia and America. InnovaMar is SalMar's main facility for industrial processing. It is located in Frøya, in the heart of Fish Farming Central Norway's operating area.

NOK million	Q1 19	Q1 18	2018
Operating revenue	2,820	2,525	11,432
Operational EBIT	14	-15	-13
Operational EBIT%	0.5%	-0.6%	-0.1%

SalMar's Sales and Processing activities generated gross operating revenues of NOK 2,819.7 million in the first quarter 2019, up from NOK 2,524.5 million in the corresponding period last year.

The segment made an Operational EBIT of NOK 14.3 million in the period, which corresponds to an Operational EBIT margin of 0.5 per cent. This is an improvement on the NOK 15.3 million loss it made in the first quarter 2018.

Around 23,600 tonnes of fish were harvested at InnovaMar during the quarter, compared with around 38,700 tonnes in the previous quarter and 25,100 tonnes in the first quarter last year.

Improvement in result is driven by fixed price contracts having a higher price point than for the corresponding quarter last year. Seasonally lower volumes have influenced the profit contribution from the harvesting and secondary processing activities.

The contract share during the quarter was approx. 26 per cent.

As at 22 May, contract sales will account for around 25 per cent of the volume in the second quarter and 20 per cent for 2019 as a whole. The contracts have been entered into at prices slightly above the average price for 2018, which reflects a good market.

Eliminations

Research and development (R&D) costs are included as eliminations in the segments' reported results. Of a total harvested volume of 35,500 tonnes in the first quarter 2019, R&D costs accounted for NOK 1.03 per kg.

Associates

Norskott Havbruk

Norskott Havbruk is recognised as an associate, with SalMar's share (50 per cent) of the company's profit/loss after tax being recognised as financial income. The figures in the table below reflect the company's overall performance.

NOK million	Q1 19	Q1 18	2018
Operating revenues	405	519	2,057
Operational EBIT	109	173	661
Operational EBIT%	27%	33%	32%
Fair value adj. biomass	-53	7	-10
Profit before tax	56	178	640
SalMar's share after tax	25	76	265
Harvested volume (1 000 tgw)	4.8	6.5	27.5
EBIT/kg gw (NOK)	22.78	26.67	24.06

Norskott Havbruk generated gross operating revenues of NOK 405.2 million in the first quarter 2019, compared with NOK 518.7 million in the first quarter 2018. The decrease in revenues is attributable to a lower volume harvested.

Norskott Havbruk harvested approx. 4,800 tonnes of fish in the quarter, this is 1,700 tonnes less than in the corresponding period last year.

The bulk of the volume harvested came from Orkney, with good operational performance and average weights. The remaining volume harvested came from mainland Scotland. However, the financial result has been negatively affected by costs relating to high mortality at certain sites.

50 per cent of the quarter's volume was sold under contract.

Operational EBIT per kg gutted weight came to NOK 22.78 in the first quarter 2019, compared with NOK 26.67 per kg in the same period in 2018.

The company expects to harvest approx. 30,000 tonnes in 2019 as a whole. This is unchanged from the estimate published at the close of the previous quarter.

MARKETS

Supply and biomass

In the first quarter 2019, the global supply of Atlantic salmon totalled approx. 601,900 tonnes, up 5 per cent on the same period last year.

Output in Norway in the first quarter rose by 2 per cent year-on-year to 296,500 tonnes. A total of 176,400 tonnes was harvested in Chile during the quarter, up 2 per cent from the corresponding period in 2018. The largest increase in both volume and percentage terms came in the UK, where output was 8,200 tonnes, or 25 per cent, higher than the year before. In the Faeroes, 21,800 tonnes were harvested, a growth of 22 per cent compared with the same period last year.

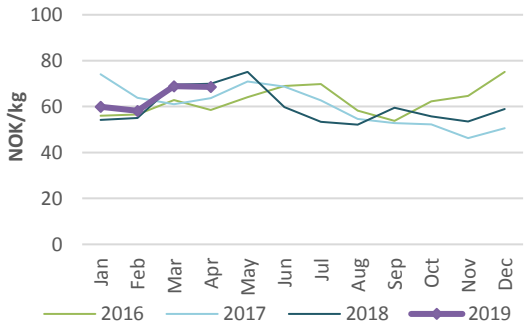
According to data from Kontali, at the close of the first quarter 2019, the standing biomass in Norway was estimated to be 5.1 per cent larger than at the same point in 2018. In Chile, the increase was estimated at 11 per cent, in the Faeroes 7 per cent and in the UK 22 per cent.

Prices and exchange rates

The price of Atlantic salmon fell in January, but picked up strongly in February. It then fell back slightly to NOK 63.73 per kg at the end of March.

The average price of salmon (NASDAQ Salmon Index) for the period came to NOK 62.13 per kg, up NOK 1.76 per kg from the first quarter 2018.

NASDAQ Salmon Index NOK/kg



Developments in the rate of exchange between the Norwegian currency (NOK) and the most important trading currencies for salmon were mixed during the period, strengthening against the EUR and USD by 2.9 and 1.1 per cent respectively, but weakening against the GBP by 1.2 per cent.

Norwegian exports

Norway exported 281,000 tonnes round weight of salmon in the first quarter 2019, more or less the same as the year before. Nevertheless, a solid price rise boosted the value of Norway's exports (measured in NOK) by 7 per cent during the same period.

A substantial processing industry makes Poland the largest single market for Norwegian salmon. Around 39,200 tonnes of salmon were exported to this market in the first quarter, up 7 per cent on the same quarter last year. Countries such as Denmark and Spain also increased their purchases of Norwegian salmon in the period. However, Norway's second largest export market, France, fell by 14 per cent year-on-year, to 25,900 tonnes.

OTHER MATTERS

Offshore strategy

In January 2019, pilot production at the Ocean Farm 1 installation was concluded. The project has delivered promising results, despite unwanted incidents. The fish has shown good growth and were of uniformly good quality. Few salmon lice were observed and no delousing treatments were necessary. The pilot phase has provided information and experience that SalMar will incorporate into the further development of its offshore strategy. The biological performance strengthens the company's belief that farming salmon further out to sea is the right move.

In February 2019, SalMar, through its interest in MariCulture AS, was granted eight development licences by the Norwegian Directorate of Fisheries for the further development of the Smart Fish Farm concept. This is a deepwater installation, designed specifically for the farming of fish in the open ocean. Each of the development licences is for 780 tonnes MAB.

The Smart Fish Farm is intended to operate in significantly more exposed locations and has twice the capacity of the Ocean Farm 1 installation. In addition, the unit will be equipped with advanced technology which, in addition to being more eco-friendly, will contribute to better fish health. This new technology could help to realise the Norwegian government's ambition to make Norway the world's leading seafood nation. The project could also have a major impact on the Norwegian aquaculture industry's long-term competitiveness.

InnovaNor

Construction of the new harvesting and processing plant in Northern Norway, InnovaNor, is an important strategic investment for SalMar. It is a key element in the Group's ambition to establish a complete value chain in Northern Norway. InnovaNor will give SalMar the same flexibility to harvest the fish on the terms of the biology as the Group has with InnovaMar in Central Norway. At the same time, it will significantly increase secondary processing capacity in Northern Norway and pave the way for greater value creation in the region. Underpinning the project is the desire to produce a future-proof building and a modern facility for the safe production of good food.

In the first quarter of 2019, NOK 21.1 million in costs were incurred in connection with the project design phase, during which opportunities have been identified to increase the facility's capacity – and flexibility – over time, to achieve optimal exploitation of the raw material and provide a solid foundation for increased value creation. As a result, the project has become slightly larger, causing the start-up of construction work to be put back from the summer to the autumn this year. The plant is expected to go into operation in 2021.

Expansion of hatchery capacity

In the salmon farming business, access to good quality smolt of an optimal size is vital to achieve high performance throughout the value chain.

The Group currently has a number of projects underway to expand capacity at several of its facilities, including the expansion of the hatchery at Follafoss, which is expected to go into operation in the autumn of 2019. The Group is also planning to increase output at its hatchery in Senja. The projects are progressing well and as planned.

ORGANISATION

On 30 January 2019, SalMar announced that Trine Sæther Romuld (50) had been appointed CFO & COO, with effect from 1 July 2019. Ms Romuld replaces Trond Tuvstein, who, in January 2019, gave notice that he wished to step down after more than seven years with the company.

Trine Sæther Romuld is highly experienced, having previously held a number of management positions at Norwegian and international companies in the seafood, oil service, consultancy and auditing sectors. She also has considerable experience as a member of the boards of several listed companies and as chair of their audit committees. Ms Romuld is a state-authorised public accountant, having studied at the Norwegian School of Economics and Business Administration (NHH). In the seafood sector, she has previously served as CFO at Pan Fish (now part of MOWI), as a member of the boards of Bakkafrost and Aker Seafoods/Havfisk as was.

SHARES AND SHAREHOLDERS

At the close of the first quarter 2019, SalMar had a total of 113,299,299 shares outstanding, divided between 5,512 shareholders.

The company's major shareholder, Kverva AS, owns 52.46 per cent of the shares. The 20 largest shareholders own a total of 73.63 per cent of the shares. SalMar ASA is now the 19th largest shareholder with 561,003 shares, corresponding to 0.50 per cent of the total number of shares outstanding as at 31 March 2019.

SalMar's share price fluctuated between NOK 402.80 and NOK 448.00 in the first quarter. The final price at the close of the quarter was NOK 413.80, compared with NOK 428.00 at the close of the previous quarter. This corresponds to a decrease in share value of 3 per cent over the course of the period.

A total of 14.1 million shares were traded during the quarter, just over 12 per cent of the total number of shares outstanding. An average of 223,600 shares were traded daily.

TRANSACTIONS WITH RELATED PARTIES

During the period, no changes or transactions involving related parties were undertaken, over and above ordinary operations, that have had a material impact on the Group's financial position or results.

EVENTS AFTER THE BALANCE SHEET DATE

In April 2019, SalMar announced the outcome of its cash offer for all outstanding shares in Arnarlax AS. SalMar was offering NOK 55.78 per share and obtained acceptances with respect to 2,006,630 shares, or to 7.54 per cent of all Arnarlax AS's shares. Following this transaction, SalMar owns 16,438,911 shares in Arnarlax, which corresponds to a shareholding of 61.77 per cent.

OUTLOOK

Markets

The global supply of Atlantic salmon is expected to make steady progress, with Kontali estimating growth of 6 per cent in the second quarter 2019 and 8 per cent in the third quarter.

Growth in both Norway and Chile in the second quarter is estimated at 5 per cent, while output in the UK is forecast to grow by 20 per cent. Output in North America, however, is expected to fall by 6 per cent.

For 2019 as a whole, the global supply of Atlantic salmon is expected to increase by 7 per cent, or 159,300 tonnes. 42 per cent of this will come from Norway.

The outlook for continued strong demand, combined with a moderate increase in supply, is expected to result in favourable market prices for Norwegian salmon going forward. This is supported by forward prices on Fish Pool, which – as at 20 May 2019 – indicate an average price of NOK 61.30 per kg in May and NOK 60.40 per kg in June. The price estimate for the second half of 2019 is NOK 57.30 per kg.

In 2015 China imposed restrictions on the import of Norwegian salmon from selected counties. Over time active efforts have been made to improve access to the Chinese market. The lifting of restrictions on the counties that the ban covered came in July last year, and in May 2019 the final approval came from the Chinese authorities for imports from SalMar's harvesting plant on Frøya as well Nordlaks and Lerøy's harvesting plants. China still represents a small share of the market for Norwegian salmon, but it is positive that the restrictions now have been removed from a market with great potential.

Company

SalMar's established goal of being the lowest cost producer remains unchanged. However, the company is moving from focusing on results to focusing on performance, which must be outstanding at all levels and in all aspects of production.

The contract rate comes to around 25 per cent for the second quarter and approx. 20 per cent for 2019 as a whole. Contract prices are somewhat higher than in 2018.

Costs are expected to fall slightly in the second quarter this year, and the Group still expects to harvest 145,000 tonnes in Norway and 10,000 tonnes in Iceland in 2019.

The Board of Directors of SalMar ASA,

Frøya, 21 May 2019

INCOME STATEMENT

NOK million	Q1 2019	Q1 2018	FY 2018
Operating income	**2,963.4**	**2,531.0**	**11,342.6**
Cost of goods sold	1,331.3	1,053.2	4,585.5
Payroll expenses	286.1	239.8	1,040.4
Other operating expenses	375.7	408.6	1,768.0
EBITDA	970.2	829.4	3,948.6
Depreciations and write-downs	164.0	121.3	487.8
Operational EBIT	**806.2**	**708.1**	**3,460.8**
Fair value adjustment	-172.8	151.6	845.8
Operational profit	**633.3**	**859.8**	**4,306.6**
Income from investments in associates	28.7	57.5	252.9
Net interest costs	-37.1	-22.9	-105.1
Other financial items	226.5	19.1	-1.9
Profit before tax	**851.4**	**913.4**	**4,452.6**
Tax	139.1	191.8	873.3
Net profit for the period	**712.3**	**721.6**	**3,579.2**
Items to be reclassified to profit and loss in subsequent periods:			
Change in translation diff. associates	-3.4	-19.4	-5.6
Change in translation diff. associates - reclassified to result	-4.4	-	-
Change in translation diff. subsidaries	-1.5	-3.3	4.9
Total comprehensive income	**703.0**	**698.8**	**3,578.5**
Allocation of the periods net profit:			
Non-controlling interests	-6.5	8.3	10.8
Shareholders in SalMar ASA	718.8	713.3	3,568.4
Earnings per share (NOK)	6.38	6.34	31.70
Earnings per share - diluted	6.37	6.33	31.60

BALANCE SHEET – GROUP

NOK million	31.03.2019	31.03.2018	31.12.2018
ASSETS			
Intangible fixed assets	4 544,0	3 011,5	3 404,0
Tangible fixed assets	3 732,7	3 578,0	3 591,5
Right-of-use assets	641,7		
Financial fixed assets	809,8	1 056,9	1 215,5
Total fixed assets	**9 728,2**	**7 646,4**	**8 210,9**
Inventory	5 837,4	4 431,3	5 765,5
Accounts receivables	622,3	645,3	630,1
Other short-term receivables	319,5	250,3	289,4
Cash and cash equivalents	142,3	489,1	239,6
Total current assets	**6 921,5**	**5 816,1**	**6 924,6**
TOTAL ASSETS	**16 649,7**	**13 462,5**	**15 135,6**
EQUITY AND LIABILITIES			
Paid-in equity	607,8	567,1	597,4
Reserves	9 159,1	7 713,0	8 450,7
Minority interests	756,0	96,3	91,7
Total equity	**10 522,9**	**8 376,5**	**9 139,8**
Provisions for liabilities	1 654,3	1 390,1	1 533,3
Int. bearing long-term liabilities	738,7	1 100,1	1 019,1
Long-term leasing liabilities	545,9		
Total long-term liabilities	**2 938,9**	**2 490,3**	**2 552,4**
Int. bearing short-term liabilities	598,0	124,3	748,2
Short-term leasing liabilities	133,0		
Other short-term liabilities	2 456,9	2 471,4	2 695,1
Total short-term liabilities	**3 188,0**	**2 595,7**	**3 443,3**
TOTAL EQUITY AND LIABILITIES	**16 649,7**	**13 462,5**	**15 135,6**
Net interest bearing debt	**1 194,4**	**735,3**	**1 527,7**
Equity share	**63,2 %**	**62,2 %**	**60,4 %**

CASH FLOW

NOK million	Q1 2019	Q1 2018	FY 2018
Profit before tax	851.4	913.4	4,452.6
Tax paid in period	-19.3	-11.3	-672.8
Depreciation	164.0	121.3	487.8
Share of profit/loss from associates	-28.7	-57.5	-252.9
Realized gains on exit associate	-225.9	-	-
Change in fair value adjustments	172.8	-151.6	-845.8
Change in working capital	-154.3	-227.0	-500.5
Other changes	39.8	45.0	113.4
Net cash flow from operating activities	**800.0**	**632.2**	**2,781.6**
Net cash flow from investing activities	**-371.6**	**-118.7**	**-833.8**
Change in interest-bearing debt	-487.0	-175.3	367.1
Dividend paid out	-	-	-2,147.2
Interest paid	-37.1	-22.9	-105.1
Other changes	-	-	-5.0
Net cash flow from financing activities	**-524.0**	**-198.2**	**-1,890.2**
Net change in cash for the period	**-95.7**	**315.3**	**57.7**
Foreign exchange effects	-1.5	-3.3	4.8
Cash in the beginning of the period	239.6	177.1	177.1
Cash at the end of the period	**142.3**	**489.1**	**239.6**

CHANGE IN EQUITY

2019	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.19	**28,3**	**-0,1**	**415,3**	**153,9**	**46,9**	**8 403,9**	**91,7**	**9 139,8**
Net profit for the year						718,8	-6,5	712,3
Comprehensive income					-10,1		0,8	-9,4
Total comprehensive income for the year	0,0	0,0	0,0	0,0	-10,1	718,8	-5,8	703,0
Transactions with shareholders								
Additions non-controlling interests							670,0	670,0
Options granted				10,4				10,4
Redeemed options treasury shares		0,0				0,0		0,0
Other changes						-0,3	0,0	-0,3
Sum transactions with shareholders	0,0	0,0	0,0	10,4	0,0	-0,4	670,0	680,1
Equity as at 31.03.19	**28,3**	**-0,1**	**415,3**	**164,3**	**36,7**	**9 122,4**	**756,0**	**10 522,9**

2018	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.18	**28,3**	**-0,2**	**415,3**	**114,2**	**47,6**	**6 974,9**	**88,1**	**7 668,1**
Net profit for the year						3 568,4	10,8	3 579,2
Comprehensive income					-0,7	0,0		-0,7
Total comprehensive income for the year	0,0	0,0	0,0	0,0	-0,7	3 568,4	10,8	3 578,5
Transactions with shareholders								
Dividend paid						-2 138,4	-8,8	-2 147,2
Options granted				39,7				39,7
Deferred tax options						3,2		3,2
Redeemed options treasury shares		0,0				0,0		0,0
Other changes						-4,1	1,7	-2,5
Sum transactions with shareholders	0,0	0,0	0,0	39,7	0,0	-2 139,4	-7,2	-2 106,8
Equity as at 31.12.18	**28,3**	**-0,1**	**415,3**	**153,9**	**46,9**	**8 403,9**	**91,7**	**9 139,8**

SEGMENT INFORMATION

NOK million	Farming Central Norway	Farming Northern Norway	Sales and Processing	Arnarlax (Iceland)	Eliminations	Group
Q1 2019						
Operating income (NOK mill.)	1,176.6	900.3	2,819.7	132.9	-2,066.1	2,963.4
Operational EBIT (NOK mill.)	472.7	348.5	14.3	25.2	-54.5	806.2
Operational EBIT %	40.2 %	38.7 %	0.5 %	18.9 %		27.2 %
Harvested volume (1,000 tgw)	18.2	15.1		2.1		35.5
EBIT/ kg gw (NOK)	25.91	23.05		11.77		22.71
Q1 2018						
Operating income (NOK mill.)	1,376.2	561.1	2,524.5		-1,930.8	2,531.0
Operational EBIT (NOK mill.)	530.6	230.8	-15.3		-38.0	708.1
Operational EBIT %	38.6 %	41.1 %	-0.6 %			28.0 %
Harvested volume (1,000 tgw)	22.3	9.6				31.9
EBIT/ kg gw (NOK)	23.82	24.02				22.21
FY 2018						
Operating income (NOK mill.)	5,962.0	2,645.0	11,432.0		-8,696.5	11,342.6
Operational EBIT (NOK mill.)	2,533.3	1,153.9	-12.8		-213.6	3,460.8
Operational EBIT %	42.5 %	43.6 %	-0.1 %			30.5 %
Harvested volume (1,000 tgw)	100.1	42.4				142.5
EBIT/ kg gw (NOK)	25.31	27.24				24.29
FY 2017						
Operating income (mill.)	5,198.5	2,864.8	10,924.8		-8,170.8	10,817.2
Operational EBIT (mill.)	1,891.5	1,376.1	47.8		-153.2	3,162.2
Operational EBIT %	36.4 %	48.0 %	0.4 %			29.2 %
Harvested volume (1,000 tgw)	87.5	47.7				135.2
EBIT/ kg gw (NOK)	21.63	28.84				23.40

KEY FIGURES – GROUP

	Q1 2019	Q1 2018	FY 2018
Number of shares (diluted) - end of period (mill.)	112,9	112,8	112,9
Earnings per share (NOK)	6,38	6,34	31,70
Earnings per share - diluted (NOK)	6,37	6,33	31,60
EBITDA %	32,7 %	32,8 %	34,8 %
Operational EBIT %	27,2 %	28,0 %	30,5 %
EBIT %	21,4 %	34,0 %	38,0 %
Profit before tax %	28,7 %	36,1 %	39,3 %
Cash flow per share - diluted (NOK)	7,1	5,6	24,6
Net interest bearing debt (mill.)	1 194,4	735,3	1 527,7
Equity ratio %	63,2 %	62,2 %	60,4 %

Earnings per share = Earnings after tax/ average numbers of shares

Earnings per share - diluted = Earnings after tax/ average number of shares - diluted

Earnings before tax % = Earnings before tax/ operating income

Cash flow per share - diluted = Cash flow from operating activities/ average number of shares - diluted

Equity ratio = Equity/ total assets

NOTES TO THE FINANCIAL STATEMENT

Note 1 - Accounting principles

This report has been prepared in accordance with International Financial Reporting Standards (IFRS), including the standard for interim reporting (IAS 34). The same accounting principles and calculation methods used in the last year-end financial statements have been used here. Please refer to the Group's latest IFRS year-end financial statements, which are published on the Group's website under Investor Relations (www.salmar.no), for a complete description of the accounting principles.

This interim report has not been subject to external audit.

IFRS 16 Leases

With effect from 1 January 2019, the Group has implemented IFRS 16 Leases. IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leasing agreements The standard requires that discounted, right-of-use leasing agreements and associated payment liabilities be capitalised. The new standard requires that the lessee recognise assets and liabilities for the majority of leasing agreements, apart from leasing agreements that are considered immaterial, as well as agreements with a term of less than 12 months. Previously, only financial leasing agreements were capitalised.

SalMar has elected to apply the modified restrospective method and the opportunity for simplification, where the value of right-of-use assets equals the calculated leasing liability. Comparable figures have not been restated. Leasing agreements that have previously been recognised in accordance with IAS 17 have been reclassified in the balance sheet as right-of-use assets with effect from 1 January 2019.

Under IFRS 16, expensed leasing payments are replaced by depreciation/amortisation of the right-of-use assets and interest costs associated with the leasing liability. IFRS 16 has had the following effect on the financial statements in the period:

NOK million	**Leases capitalized - implementation IFRS 16**	**Leases prev. capitalized iaw. IAS 17**	**Right-of-use assets**	**Leasing liabilities - implementation IFRS 16**	**Leasing liabilities prev. recognized iaw. IAS 17**	**Leasing liabilities**
Balance at 1 Jan 2019	**369.3**	**316.8**	**686.1**	**369.3**	**343.4**	**712.7**
Lease payments (instalments and interest expenses)				-32.7	-14.3	-46.9
Ordinary depreciation and amortisation	-32.4	-12.1	-44.5			
Interest expenses				2.7	10.5	13.1
Balance at 31 March 2019	**336.9**	**304.7**	**641.7**	**339.3**	**339.6**	**678.9**

Classification of leasing liabilities in the balance sheet:	
Long-term leasing liabilities	545.9
Short-term leasing liabilities (1st year's instalment)	133.0
Leasing liabilities at 31 March 2019	678.9

Result effect - implementation of IFRS 16	**Q1-2019**
Ordinary depreciation and amortisation	-32.4
Leasing costs (including other operating costs)	32.7
Operational EBIT	0.3
Interest expenses	-2.7
EBT (profit/loss before tax)	-2.4

Payments relating to leasing liabilities were previously posted as a reduction in cash flow from operating activities. Under IFRS 16, these payments will be posted to cash flow from financing activities with effect from 1 January 2019.

In accordance with IAS 17, leasing liabilities were previously included in the Group's calculation of net interest-bearing debt. After implementation of IFRS 16, with effect from 1 January 2019, leasing liabilities are no longer included in the calculation of the Group's net interest-bearing debt.

Apart from this, no accounting principles have been amended or other standards applied during the period.

Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA INDUSTRIER AS	59 436 137	52,46 %
FOLKETRYGDFONDET	6 198 899	5,47 %
State Street Bank and Trust Comp	2 033 213	1,79 %
J.P. Morgan Bank Luxembourg S.A.	1 665 647	1,47 %
State Street Bank and Trust Comp	1 626 204	1,44 %
State Street Bank and Trust Comp	1 338 370	1,18 %
LIN AS	1 274 620	1,12 %
CLEARSTREAM BANKING S.A.	1 136 336	1,00 %
INVESCO FUNDS	972 065	0,86 %
OLD WESTBURY LARGE CAP STRATS FD	841 258	0,74 %
Euroclear Bank S.A./N.V.	827 180	0,73 %
The Bank of New York Mellon SA/NV	809 654	0,71 %
JPMorgan Chase Bank, N.A., London	807 081	0,71 %
J.P. Morgan Bank Luxembourg S.A.	760 872	0,67 %
JPMorgan Chase Bank, N.A., London	664 941	0,59 %
Livforsakringsbolaget Skandia Omse	656 711	0,58 %
JPMorgan Chase Bank, N.A., London	650 673	0,57 %
BARCLAYS CAPITAL SEC. LTD FIRM	603 238	0,53 %
SALMAR ASA	561 003	0,50 %
MORGAN STANLEY AND CO INTL PLC	559 054	0,49 %
Top 20	**83 423 156**	**73,63 %**
Others	29 876 843	26,37 %
Total	**113 299 999**	**100,00 %**

Note 3 - Inventory and Biological Assets (biomass)

Book value of inventory	31.03.2019	31.03.2018	31.12.2018
Raw materials	120,0	92,5	135,5
Biological assets	5 361,6	4 163,2	5 305,6
Finished goods	355,8	175,5	324,3
Total	5 837,4	4 431,3	5 765,5

Fair value adjustment of biological assets	31.12.2019	31.03.2018	31.12.2018
Historic cost	3 384,3	2 890,8	3 269,9
Fair value adjustment of the biomass	1 977,3	1 272,5	2 035,7
Book value	5 361,6	4 163,2	5 305,6

Raw materials largely comprise feed for smolt and marine-phase fish production. Raw materials used in secondary processing, as well as packaging materials, are also included. Stocks of biological assets are associated with SalMar's fish farming operations on land and at sea.

Finished goods comprise whole salmon, fresh and frozen, as well as processed salmon products.

Biological assets in further detail

The treatment for accounting purposes of live fish is regulated by IAS 41 Agriculture. IAS 41 contains a methodological hierarchy for the measurement of biological assets for accounting purposes. The main rule is that such assets must be measured at fair value.

The company's stocks of live fish are recognised at fair value in accordance with IAS 41. Present value is calculated on the basis of estimated revenues less production costs remaining until the fish at the individual sites are harvestable. A fish is harvestable when it has reached the estimated weight required for harvesting specified in the company's budgets and plans. The estimated value is discounted to present value on the balance sheet date.

Estimated future revenues are calculated on the basis of Fish Pool forward prices on the balance sheet date. A quarterly price average is calculated, since the fish are harvested over several periods. Forward prices are adjusted for export supplements, shipping, sales and harvesting costs. An adjustment is also made for expected variations in fish quality.

The Group applies a monthly discount rate of 7 per cent for operations in Norway and 6 per cent for the operation in Iceland. The discount rate reflects the biomass's capital cost, risk and a synthetic licencing fee and site rental cost. The discount rates in the two regions are not the same because of the difference in the areas' natural preconditions for biological production, which therefore requires differentiation in the recognised synthetic licence fee and site rental cost.

Smolt are recognised at cost.

Note 4 - Fair Value Adjustments

Fair value adjustments are part of the Group's operating profit/loss, but changes in fair value are presented on a separate line to provide a better understanding of the Group's profit/loss on the sale of goods. The item Fair Value Adjustments comprises:

	Q1 2019	Q1 2018	FY 2018
Change in fair value of the biomass	-217,4	171,6	934,8
Change in provisions for onerous contracts	3,3	-46,6	30,0
Unrealised change in value of Fish Pool contracts	-1,6	-27,4	-31,4
Unrealised changes in the value of currency and forward currency contracts	42,9	54,1	-87,6
Fair value adjustments recognised in profit and loss	-172,8	151,6	845,8

Note 5 - Business combinations

Business acquisitions in 2019

On 14 February 2019, the Group agreed the acquisition of 3,268,670 shares in Arnarlax AS. This corresponds to 12.28 per cent of the company's shares. Before this transaction, SalMar owned 41.95 per cent of the shares in Arnarlax and had a significant influence over the company, which was classified as an associate. Once a controlling influence was obtained the entire investment in Arnarlax's shares was deemed to have been realised and a new cost price established. The fair value of the investment at the time a controlling influence was obtained was NOK 614.0 million, and a gain of NOK 225.9 million has been recognised during the period. NOK 4.4 million of this amount comprised translation differences, which have been reclassified to profit and loss in the period. The gain is classified as financial income in the income statement, see Note 8.

Following the transaction, SalMar owns 54.23 per cent of the shares in the company. For accounting purposes, the transaction will be treated as a business transfer with effect from 1 February 2019. The company's functional currency is the EUR.

Located in the Westfjords of Iceland, Arnarlax is the country's largest salmon farmer. It was established in 2009 and harvested its first fish in 2016. The company is a fully integrated salmon farming enterprise, with its own smolt production facilities, sea farms, wellboat, harvesting plant and sales force. Strategically, the transaction represents a natural step forward for SalMar, which aims to further develop Arnarlax and salmon farming in Iceland in the time ahead. SalMar paid NOK 179,777,000 for the shares, which corresponds to NOK 55 per share. The allocation of this consideration is presented below, but cannot be deemed final.

In accordance with a shareholders' agreement, the acquisition triggered a compulsory bid for the shares of all outstanding non-controlling interests in Arnarlax AS. Shareholders were offered a price of NOK 55.78 per share. The offer period expired on 10 April 2019, at which point SalMar acquired a further 2,006,630 shares in the company, corresponding to 7.54 per cent. Following this transaction, SalMar owns 61.77 per cent of the shares in Arnarlax AS.

	No. shares	Shareholding	Shares' cost price at group formation
Fair value of shares in Arnarlax before controlling interest obtained	11 163 611	41,95 %	614,0
Cash consideration paid for shares in transaction completed 14 Feb 2019	3 268 670	12,28 %	179,8
Fair value of Group's shares in Arnarlax when controlling interest obtained	14 432 281	54,23 %	793,8

Effect of acquisition on the consolidated balance sheet:	Book value	Adjustment to fair value	Fair value
Licences	221,5	901,4	1 122,9
Property, plant & equipment	332,0	-	332,0
Other non-current assets	20,5	-	20,5
Biological assets	525,3	-	525,3
Other current assets	64,4	-	64,4
Cash & cash equivalents	4,6	-	4,6
Deferred tax assets/liabilities	22,5	-180,3	-157,8
Other non-current liabilities	-301,6	-	-301,6
Current liabilities	-146,5	-	-146,5
Net identifiable assets and liabilities	**742,6**	**721,1**	**1 463,8**
Fair value of shares before controlling interest obtained			-614,0
Non-controlling interests			-670,0
Cash consideration			**179,8**

Business acquisitions in 2018

On 11 April 2018, the Group agreed the acquisition of 51 per cent of the shares in Mariculture AS. For accounting purposes, the transaction is being treated as a business transfer. The shares were purchased to secure access to technology developed by Mariculture AS, which operates in the aquaculture sector and has applied for development licences for its "Smart Fishfarm" concept. This is a deepwater installation that will make it possible to establish fish farming operations offshore in the open ocean. The consideration paid for the shareholding has been allocated as follows.

The acquisition's effect on the balance sheet:	Book value	Fair value adjustments	Fair value
Intangible fixed assets	-	7,2	7,2
Liquidity	0,0	-	0,0
Deferred tax	-	-1,2	-1,2
Liabilities	-2,1	-	-2,1
Net identifiable assets and liabilities	**-2,1**	**6,0**	**3,9**
Non-controlling interests			1,9
Cash Consideration			**2,0**

Note 6 - Changes in non-controlling interests

Changes in non-controlling interests 2018

In 2018, SalMar increased its shareholding in Ocean Farming AS by 2.9 per cent from 93.4 per cent to 96.3 per cent for a cash consideration of NOK 5.0 million. For accounting purposes, the effect was recognised in the Group's equity, with payment to non-controlling interests in the Group.

Note 7 - Financial assets – investments where the equity method is applied

	Norskott Havbruk	*Arnarlax*	*Others*	*TOTAL*
Opening balance 01.01.2019	761,0	401,8	25,2	1 188,0
Additions costs	-	-	24,0	24,0
Additions through aqusitions	-	-	20,5	20,5
Share of year's profit/loss	24,6	0,6	3,5	28,7
Other items in comprehensive income	6,4	-10,0	0,2	-3,4
Dividend received	-83,0	-	-	-83,0
Exit	-	-392,5	-	-392,5
Closing balance 31.03.2019	**709,0**	**0,0**	**73,3**	**782,1**

2019

In January 2019, the Group agreed the acquisition of 45.3 per cent of the shares in Yu Fish Ltd, by which it obtained a significant influence over the company. Yu Fish Ltd is located in Singapore and engages in the sale of seafood products.

SalMar paid a consideration of NOK 24.0 million for the shares, at which time the company's equity totalled NOK 46.4 million. The investment is classified as an associate and is recognised in accordance with the equity method. The investment is included in the item "Others" in the presentation above.

Up until 1 February 2019, SalMar had a significant influence over Arnarlax, which was recognised as an associate in accordance with the equity method. During the period, SalMar increased its shareholding in the company from 41.49 per cent to 54.23 per cent, which gave it a controlling influence. On the date SalMar obtained a controlling influence, its shareholding in the associate was deemed to have been realised. See Note 5 for further details of this transaction.

Through its acquisition of Arnarlax, SalMar acquired 50 per cent of Eldisstødin Isthor Hf. The company was valued at NOK 20.5 million at the time of its acquisition. The Group has thereby obtained a significant influence over the company and the investment is recognised as an associate in accordance with the equity method.

Note 8 - Interest and other financial items

	Q1 2019	Q1 2018	FY 2018
Net interest expenses, ex. interest on leasing liabilities	-23,9	-12,5	-63,4
Interest expenses relating to leasing liabilities*	-13,1	-10,5	-41,7
Gain on sale of shares TS share realised	225,9	-	-
Other net financial items	0,6	19,1	-1,9
Net interest and other financial items	189,5	-3,9	-107,0

* Interest relating to leasing liabilities which, with effect from 1 Jan 2019, are recognised in accordance with IFRS 16. The comparable figures for 2018 contain interest relating to leasing liabilities that were previously capitalised in accordance with IAS 17.