Quarterly Report
Second quarter 2014



SALMAR
Passion for Salmon

HIGH VOLUME DRIVES RISE IN EARNINGS IN THE QUARTER

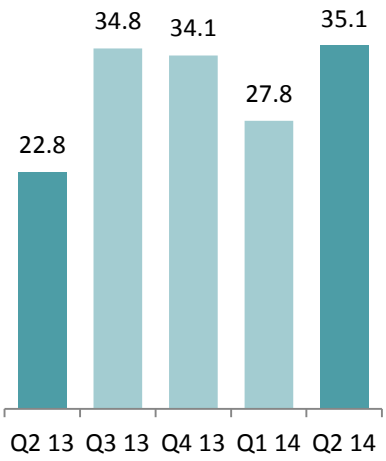
HIGHLIGHTS IN THE SECOND QUARTER 2014

- High harvested volume driven by strong fish growth and expectations of lower prices in the coming quarter.
- Good prices achieved as a result of a high contract rate and favourable harvesting profile.
- Costs negatively affected by operational challenges relating to salmon lice and pancreas disease (PD) during the period.
- Five-year agreement, worth a total of NOK 5 billion, to refinance and extend the term of the company's debt.

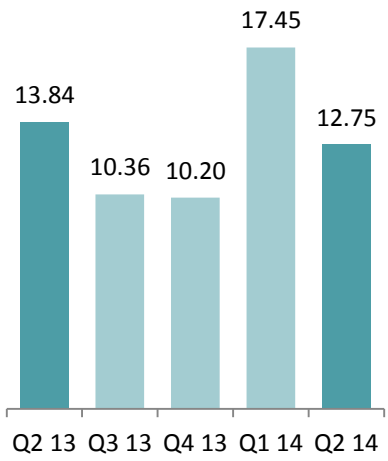
KEY FIGURES – GROUP

NOK million	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
Operating revenues	1 744.8	1 432.7	3 371.1	2 709.4	6 245.9
Operational EBIT	447.4	316.1	932.7	551.0	1 259.5
Operational EBIT %	25.6%	22.1 %	27.7 %	20.3 %	20.2%
Fair value adjustments	-127.8	88.7	-312.1	152.7	528.2
Profit before tax	313.2	843.8	623.1	1 152.2	2 322.1
EPS	2.04	6.01	4.00	8.04	15.80
NIBD	2 297.6	2 131.3	2 297.6	2 131.3	1 772.4
Equity ratio %	49.3%	48.1 %	49.3 %	48.1 %	51.0 %
Harvested volume (1000 tgw)	35.1	22.8	62.9	46.0	114.9
EBIT/kg gw (NOK)	12.75	13.84	14.83	11.98	10.96

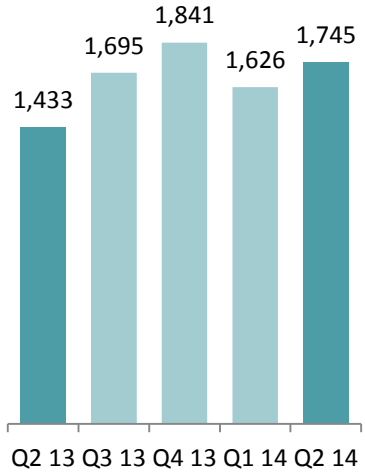
Harvested volume (1 000 tgw)



EBIT/kg (NOK)



Operating revenues (NOKm)



FINANCIAL PERFORMANCE IN THE SECOND QUARTER AND FIRST HALF OF 2014

Revenues and results in the second quarter of 2014

The SalMar Group harvested around 35,100 tonnes of fish in the second quarter 2014, up 7,300 tonnes from the previous quarter and a rise of 12,300 tonnes from the second quarter 2013.

In addition, a total of 6,600 tonnes was harvested by Norskott Havbruk (Scottish Sea Farms). This is 700 tonnes less than in the first quarter 2014, but 1,500 tonnes more than in the corresponding quarter in 2013. SalMar owns 50 per cent of Norskott Havbruk.

Despite a slight upturn in April, the fall in prices from the first quarter continued in the second. The price of salmon (NASDAQ Salmon Index) averaged NOK 40.29 per kilo during the period, NOK 7.29 per kg less than in the first quarter 2014 and NOK 1.98 per kg less than in the corresponding period last year.

The Group generated consolidated operating revenues of NOK 1,744.8 million in the second quarter 2014, compared with NOK 1,626.2 million in the previous quarter and NOK 1,432.7 million in the second quarter 2013.

The Group achieved an operational EBIT of NOK 447.4 million during the period, slightly below the NOK 485.2 million achieved in the first quarter 2014, but substantially higher than the NOK 316.1 million made in the second quarter 2013.

For the Group as a whole this gives an operational EBIT of NOK 12.75 per kg, compared with NOK 17.45 per kg in the first quarter 2014 and NOK 13.84 in the corresponding period last year.

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 the recognised operating profit for the quarter by NOK 127.8 million. This is largely attributable to a NOK 80.9 million reduction in the value of the standing biomass during the period. The remaining fair value adjustments relates to a NOK 12.0 million reduction in the value of unrealised Fish Pool contracts, and a NOK 34.9 million change in the value of unrealised forward currency contracts.

In the second quarter 2013 fair value adjustments boosted profits by NOK 89 million. See Note 4 for further details.

Operating profit in the second quarter 2014 totalled NOK 319.6 million, compared with NOK 602.3 million in the second quarter 2013.

The Group's share of the profit from associates totalled NOK 18.2 million during the period. This came entirely from Norskott Havbruk. Associates contributed a total of NOK 54.2 million in the second quarter 2013.

Other financial items came to NOK -24.6 million in the quarter. The bulk of this derives from net interest expenses. During the same period last year net other financial items totalled NOK 187.3 million. This was largely from the realised gain on the sale of shares in Bakkafrost, which amounted to NOK 194.4 million. See Note 7 for further details.

The tax expense for the quarter has been calculated at NOK 78.8 million, compared with NOK 102.6 million in the corresponding period last year.

The Group made a profit after tax of NOK 234.4 million, compared with NOK 741.1 million in the second quarter 2013.

Revenues and results in the first half of 2014

The Group generated consolidated operating revenues of NOK 3,371.1 million in the first six months of the year, up from NOK 2,709.4 million in the corresponding period in 2013.

Excluding Norskott Havbruk, the Group harvested a total of 62,900 tonnes during the period, up from 46,000 tonnes in the corresponding period last year. This is an increase of 37 per cent. The bulk of the increase is attributable to a higher volume of output by the fish-farming segment SalMar Northern Norway, in addition to volume from the Villa Organic segment.

The price of salmon (NASDAQ Salmon Index) in the first six months of 2014 averaged NOK 43.94 per kg, compared with NOK 39.19 per kg in the same period in 2013.

Operational EBIT for the first half of 2014 totalled NOK 932.7 million, compared with NOK 551.0 million in the same period the year before. The bulk of the improvement is attributable to higher salmon prices in the period.

Fair value adjustments reduced profits by NOK 312.1 million during the period, such that operating profit for the first six months of the year came to NOK 620.6 million, compared with NOK 901.2 million in the same period last year.

Fair value adjustments boosted last year's results by NOK 152.7 million, in addition to which a total of NOK 197.5 million in gains relating to acquisitions was also recognised.

The Group's share of the profits from associates totalled NOK 54.6 million in the period, compared with NOK 94.2 million in the corresponding period last year. Net financial items came to NOK -52.1 million, such that profit before tax for the year's first six months totalled NOK 623.1 million. In the corresponding period last year net other financial items totalled NOK 156.8 million, such that profit before tax for the first half of 2013 totalled NOK 1,152.2 million.

The tax expense for the period has been calculated at NOK 151.8 million, compared with NOK 175.6 million in the corresponding period last year.

Profit after tax for the first six months of 2014 totalled NOK 471.3 million, compared with NOK 976.5 million in the first half of 2013.

Cash flow

The SalMar Group generated a cash flow from operating activities of NOK 723.1 million during the quarter. The NOK 313.2 million difference from profit before tax can largely be attributed to a NOK 210.2 million decrease in working capital and fair value adjustments of NOK 127.8 million. In addition, NOK 65.1 million in depreciation was recognised during the period. The change in working capital derives mainly from a NOK 158.4 million increase in trade payables, a NOK 116 million decrease in trade receivables, and a NOK 53 million reduction in biomass valued at cost.

Net cash flow from investing activities in the period came to NOK -588.0 million, with the purchase of "green" licences accounting for NOK 432 million of this amount. The remainder comprises payments associated with ongoing investment programmes throughout the Group's value chain.

The Group's net cash flow from financing activities in the period came to NOK -854.3 million. A dividend payment of NOK 896 million made up the bulk of this amount. In addition, interest payments of NOK 24 million net were made. Interest-bearing debt rose by NOK 72.2 million during the period.

SalMar's net cash flow for the period was consequently negative in the amount of NOK 719.2 million, such that the Group's total holdings of cash and cash equivalents at the close of the quarter stood at NOK 368.2 million.

Financial position

As at 30 June 2014 SalMar's balance sheet totalled NOK 9,451.6 million, down from NOK 9,812.7 million at the close of the first quarter this year, but up from NOK 8,502.2 million at the close of the second quarter 2013.

The book value of the Group's property, plant and equipment increased by NOK 105.7 million through the quarter, to NOK 2,039.4 million.

As at 30 June 2014 the Group had total current assets of NOK 4,043.3 million. This is NOK 924.6 million less than three months earlier, and is primarily due to a decrease in cash holdings following the payment of NOK 896 million in dividends during the period.

At the close of the period the Group's total equity stood at NOK 4,658.3 million, which corresponds to an equity ratio of 49.3 per cent. See the presentation of movements in equity for further details.

At the close of the quarter interest-bearing debt totalled NOK 2,665.8 million. Of this amount, debt to credit institutions accounted for NOK 1,857.1 million, ordinary leasing liabilities NOK 139.1 million and leasing liabilities for InnovaMar NOK 313.8 million. Short-term interest bearing debt comprises the first year's instalments on long-term interest-bearing debt in the amount of NOK 218.0 million, and a short-term overdraft of NOK 137.8 million.

Corrected for cash holdings this gives the Group a net interest-bearing debt of NOK 2,297.6 million as at 30 June 2014, NOK 790.8 million more than three months earlier.

OPERATIONAL PERFORMANCE IN THE SECOND QUARTER 2014

Fish farming – SalMar Central Norway

NOK million	Q2 14	Q2 13	2013
Operating revenues	664	664	2 702
Operational EBIT	235	275	924
Operational EBIT%	35 %	41 %	34 %
Harvested volume (1 000 tgw)	16.5	15.9	70.2
EBIT/kg gw (NOK)	14.30	17.26	13.17

SalMar Central Norway harvested a total of 16,500 tonnes of salmon in the second quarter 2014, compared with 15,900 tonnes in the corresponding period the year before. The high level of volume was, however, somewhat offset by lower prices, such that total operating revenues in the second quarter came to NOK 664.0 million, in line with the same period last year.

The segment achieved a favourable harvesting profile, and with falling prices throughout the quarter, this had a positive impact on the prices achieved. On the other hand, however, profit sharing associated with jointly operated licences led to a decrease in sales revenues for the segment of NOK 0.36 per kg.

Operating profit per kg gutted weight ended the quarter at NOK 14.30, down NOK 2.96 per kg from the second quarter 2013.

To exploit the relatively high prices at the start of the quarter the company elected to bring forward the harvesting of some stocks. With a shorter time in the sea the fish had a slightly lower average weight when harvested than in previous quarters. The overall financial effect was, nonetheless, positive.

The entire generation of fish transferred to the sea in the autumn of 2012 was harvested during the quarter, accounting for 85 per cent of the total volume harvested. The remaining 15 per cent, from the generation transferred in the spring of 2013, show signs of a slight decrease in underlying cost, although the cost level of all the fish being harvested is still negatively affected by PD and sea-lice.

Salmon lice remain a challenge for the aquaculture industry in the region, and SalMar Central Norway's operations were negatively affected by the situation in the second quarter as well. The continuing high number of treatments has a direct impact on costs. The loss of feeding days caused by the treatment has also affected growth rates.

High levels of salmon lice infestation are expected to continue, and, looking forward, SalMar sees no prospect of material change in the situation.

SalMar still expects this segment to harvest around 73,000 tonnes of salmon in 2014.

Fish farming – SalMar Northern Norway

NOK Million	Q2 14	Q2 13	2013
Operating revenues	315	117	913
Operational EBIT	90	44	320
Operational EBIT%	29 %	38%	35 %
Harvested volume (1 000 tgw)	8.5	2.8	23.8
EBIT/kg gw (NOK)	10.61	15.67	13.45

SalMar Northern Norway generated gross operating revenues of NOK 315.2 million in the second quarter 2014, up from NOK 116.9 million in the corresponding period the year before.

The segment harvested around 8,500 tonnes of salmon during the period, compared with 2,800 tonnes in the same period in 2013. However, in contrast to SalMar Central Norway, the segment had an unfavourable harvesting profile in relation to price developments.

Operating profit per kg came to NOK 10.61, NOK 5.06 per kg less than in the second quarter last year, and a fall of NOK 10.44 per kg compared with the previous quarter.

The decrease in profits is greater than the reduction in prices would indicate. This is due partly to an unfavourable distribution of the harvested volume through the quarter. The average weight has been lower than wanted in the quarter, partly to the premature harvesting of stocks resulting from challenges associated with site MAB levels. In addition, cases of the disease HSMI has resulted in a lower average weight and correspondingly lower prices.

The segment's biological situation is still deemed to be good. The salmon lice situation is unchanged from the first quarter. The levels are, however, well under the authorities' current requirements, and the fish transferred to the sea in the spring of 2013 have developed well. Only fish transferred in the autumn of 2012 were harvested during the quarter.

SalMar expects this segment to harvest around 35,000 tonnes of salmon in 2014.

Fish farming – Rauma

NOK million	Q214	Q2 13	2013
Operating revenues	239	173	595
Operational EBIT	78	64	162
Operational EBIT%	33 %	37 %	27 %
Harvested volume (1 000 tgw)	5.0	4.1	14.9
EBIT/kg gw (NOK)	15.47	15.68	10.88

The Rauma segment generated gross operating revenues of NOK 239.4 million in the second quarter 2014, compared with NOK 173.4 million in the corresponding quarter last year. The increase is due to a higher proportion of organic fish, as well as a higher total volume harvested. The segment harvested 5,000 tonnes in the period, compared with 4,100 tonnes in the second quarter 2013.

The volume harvested was relatively evenly distributed throughout the quarter.

Organic salmon accounted for around 60 per cent of the volume harvested in the quarter. The price of organic salmon is less volatile than that of conventional salmon. This had a positive impact in a quarter in which salmon prices fell steadily.

Operating profit per kg gutted weight came to NOK 15.47 during the period, marginally less than in the first quarter 2014 and the second quarter 2013, which both ended on NOK 15.68 per kg.

PD-infected fish continue to represent a challenge for the Rauma segment. The fish transferred to the sea in the autumn of 2012, on the other hand, have shown better biological development. The fish harvested from this generation have a significantly lower underlying cost.

Furthermore, 10 per cent of the harvested volume derives from broodfish, which has a considerably higher production cost.

The salmon lice situation remains challenging for the segment. The continued high number of delousing treatments has a negative effect on costs. However, the organic fish harvested in the second quarter developed well at sea, with positive developments in the underlying cost.

SalMar expects the Rauma segment to harvest 17,000 tonnes of salmon in 2014.

Villa Organic

SalMar controls 50.4 per cent of the shares in Villa Organic. The company was consolidated with effect from 30 June 2013. The figures for the whole of 2013 in the table below therefore reflect the figures that are relevant for SalMar's financial statements. Consequently, in contrast to the other segments, the current period is compared with the first quarter 2014.

NOK million	Q214	Q114	2013
Operating revenues	215	312	315
Operational EBIT	44	120	54
Operational EBIT%	21%	38%	17%
Harvested volume (1 000 tgw)	5.1	6.7	6.1
EBIT/kg gw (NOK)	8.75	17.92	8.95

Villa Organic generated gross operating revenues of NOK 215.4 million in the quarter, NOK 96.7 million less than in the previous quarter.

The decrease is largely attributable to lower harvested volumes, which totalled 5,100 tonnes in the period, compared with 6,700 tonnes in the first quarter 2014. However, the volume harvested during the quarter was favourably distributed with regard to price developments.

Nevertheless, despite the favourable harvesting profile, operating profit per kg gutted weight came to NOK 8.75, down from NOK 17.92 per kg in the first quarter 2014.

The weak results are due to the recognition in the financial statements for the quarter of NOK 15 million in extraordinary costs not related to the production cycle.

The underlying trend with respect to the segment's costs has, however, been positive. The cost of the biomass harvested in the quarter was in line with the first quarter 2014.

The demerger of Villa Organic is proceeding in accordance with the previously announced plan. With effect from the third quarter 2014 the segment will be included in and reported under the segment SalMar Northern Norway.

Sales and Processing

NOK million	Q214	Q2 13	2013
Operating revenues	1 647	1 480	6 047
Operational EBIT	12	-64	-161
Operational EBIT%	1 %	-4 %	-3 %

The Sales and Processing segment generated gross operating revenues of NOK 1,649.9 million in the quarter, up from NOK 1,480.1 million in the corresponding period last year. The segment sells the entire Group's harvested volume, with the exception of Villa Organic.

The segment made an operating profit of NOK 12.0 million in the period, compared with an operating loss of NOK 63.5 million in the second quarter 2013 and an operating loss of NOK 28.1 million in the previous quarter.

In recent quarters, when spot prices have been rising, sales under fixed-price contracts have had a negative impact on financial results. In the second quarter around 40 per cent of the volume was sold under fixed-price contracts. The impact on profits of fixed-price contracts was practically zero.

The operational performance of the harvesting business was good, though there were periods in the second quarter

when full capacity utilisation was not achieved. As a result fixed costs drove up the cost per kg harvested fish. Overall, some 29,000 tonnes were harvested during the quarter, up around 5,600 tonnes on the previous quarter. A total of 10,600 tonnes of externally sourced fish was harvested during the period.

The efficiency of the secondary processing business was also negatively affected by the lower volumes and relatively high salmon prices.

Eliminations

With effect from the fourth quarter 2013 research and development (R&D) costs have been included as eliminations in the segments' reported results. Of a total harvested volume of 35,080 tonnes during the quarter, R&D costs accounted for NOK 0.20 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 (and fair value adjustment of the biomass) being recognised as financial income. The figures in the table below reflect the company's overall performance.

NOK million	Q214	Q213	2013
Operating revenues	332	211	1 189
Operational EBIT	68	40	221
Operational EBIT%	20%	19%	19%
Fair value adj. biomass	-21	7	57
Profit before tax	44	44	267
SalMar's share after tax	18	17	101
Harvested volume (1 000 tgw)	6.6	5.1	26.9
EBIT/kg gw (NOK)	10.18	7.87	8.23

Norskott Havbruk generated gross operating revenues of NOK 332.2 million in the second quarter 2014, compared with NOK 211.1 million in the same quarter last year.

Norskott harvested a total of 6,600 fish during the quarter, an increase of just over 1,500 tonnes compared with the corresponding period the year before. SalMar's share of the harvested volume came to 3,300 tonnes.

Contract sales accounted for 53 per cent of the volume during the quarter.

Operating profit per kg gutted weight came to NOK 10.18 during the period, down from NOK 12.00 per kg in the previous quarter, but up from NOK 7.87 per kg in the second quarter last year.

The company expects to harvest around 25,000 tonnes in 2014.

Russia

SalMar exported around 7-8 per cent of its output to Russia in the first six months of the year, with expectations of higher volumes in the second half. This volume must be placed elsewhere, which is expected to be a challenging exercise in the short term. At the same time, the long-term effect is expected to be minor. Historically, Russia has been a volatile market, and previous extraordinary situations have had limited effect in the longer term.

Events after the balance sheet date

On 30 June the Directorate of Fisheries' technical group announced the award of "green licences" in Group C. SalMar was not among the 10 applicants granted licences.

The authorities intended the licences in Group C to be development licences, which were supposed to favour new technological solutions to ensure sustainable growth in the aquaculture industry, with particular emphasis on reducing the risk of escape and the spread of salmon lice.

SalMar believes that the company's newly developed production facility technology, which – among other things – allows net pens to be positioned further out to sea, meets the requirements for allocation of such licences, and has therefore filed an appeal against the rejection of its applications.

In July SalMar signed a new borrowing agreement with DNB, Nordea and Danske Bank to extend and restructure the company's existing credit facilities. The agreement runs for five years.

The credit facilities have a total framework of NOK 5 billion, and comprise an instalment loan of NOK 1 billion, an investment/acquisition facility of NOK 2 billion, and a revolving credit facility of NOK 1.5 billion. In addition, agreement has been reached with respect to a NOK 0.5 billion overdraft, to be renewed annually.

Markets

Volume

The global supply of Atlantic salmon totalled around 540,700 tonnes in the second quarter 2014, a substantial 16 per cent increase compared with the second quarter 2013. With the exception of North America, which fell by 8 per cent compared with the year before, output grew in all regions.

Output in Norway grew by 15 per cent to 294,800 tonnes during the period, while output in the UK rose by 11 per cent to 41,500 tonnes.

Output from producers in Chile during the period ended at 135,200 tonnes, a rise of 27 per cent compared with the same period last year. The total output from producers in the Faeroes in the quarter was 19,600 tonnes, up 9 per cent on the same quarter in 2013.

Norwegian exports of Atlantic salmon totalled approx. 284,200 tonnes round weight in the quarter, an increase of some 39,000 tonnes or 16 per cent compared with the second quarter 2013. Salmon worth around NOK 10.8 billion was exported from Norway in the second quarter. In

the same quarter last year salmon exports totalled NOK 9.3 billion.

Norway exported 200,000 tonnes of salmon to the EU during the period, a rise of 17 per cent compared with the corresponding period in 2013. However, developments in the main markets varied.

Exports to Poland rose by 16 per cent to 36,300 tonnes, making it the largest single market for Norwegian salmon in the second quarter. Sales to Denmark continued to increase, with exports rising by 19 per cent to 19,400 tonnes. Exports to the UK rose by 20 per cent to 14,000 tonnes during the period, while exports to Spain totalled 14,200 tonnes, an increase of 22 per cent compared with the same quarter last year.

Exports of Norwegian salmon to France continued to fall in the second quarter, with the total volume ending at 32,500 tonnes. This corresponds to a fall of 9 per cent compared with the second quarter last year. Exports to Russia fell by 5 per cent to 23,400 tonnes during the period, while exports to Asian markets fell by 4 per cent to 11,200 tonnes.

Prices and exchange rates

Despite a slight upturn in April, prices continued to fall in the second quarter, as they had done in the first.

The price of salmon (NASDAQ Salmon Index) for the period averaged NOK 40.29 per kg, NOK 7.29 per kg less than in the first quarter 2014 and NOK 1.99 per kg less than in the corresponding period last year.

The exchange rate between the NOK and key foreign currencies remained relatively stable through the quarter, and compared with the previous quarter the NOK has strengthened against the EUR and the USD by 1.7 per cent and 1.8 per cent respectively, while the exchange rate against the GBP changed only marginally (up 0.1 per cent).

Compared with the second quarter last year, however, the NOK has weakened with respect to those same currencies by 7.7 per cent, 2.7 per cent and 12.5 per cent respectively.

Any weakening of the NOK against the respective currencies of its trading partners may lead to a slight increase in the price of salmon measured in NOK and vice versa.

Biomass

At the close of the second quarter 2014 Norway had a standing biomass of 601,600 tonnes round weight. This is 10 per cent higher than at the same point the year before, when it totalled 546,300 tonnes round weight. At the close of the previous quarter Norway had a total biomass of 644,100 tonnes round weight.

At the close of the quarter the biomass in the UK stood at 78,900 tonnes round weight, 5 per cent higher than at the same point the year before, while the biomass in Chile totalled 298,600 tonnes round weight, a corresponding increase of 3 per cent. The overall biomass in the Faeroe Islands at the close of the quarter was estimated at 38,000 tonnes, an increase of 15 per cent compared with the same point a year before.

Shares and shareholders

Shares

At the end of June 2014 SalMar had a total of 113,299,999 shares outstanding, divided between 3,100 shareholders.

The company's major shareholder, Kverva AS, owns 53.4 per cent of the shares. The 20 largest shareholders own a total of 76.15 per cent of the shares, with SalMar ASA being the sixth largest shareholder with 1.3 million shares, corresponding to 1.15 per cent of the total number of shares outstanding as at 30 June 2014.

During the second quarter SalMar's share price fluctuated between NOK 80.50 and 107.00, which was the final price at the close of the quarter. The share price at the close of the previous quarter was NOK 85.75.

Annual General Meeting

SalMar ASA held its annual general meeting on 4 June 2014. At the meeting Kjell Storeide and Tove Nedreberg were re-elected to the board of directors for a period of two years.

The AGM further resolved to re-elect Helge Moen and Endre Kolbjørnsen to the Nomination Committee for a period of two years.

Material transactions with related parties

Note 31 in SalMar's 2013 annual report covers transactions with related parties.

During the first half of 2014 no changes or transactions involving related parties have taken place that have materially affected the Group's financial position or performance.

Risks and uncertainties

Managing risk is a key part of the management team's day-to-day responsibilities. The Group has systems and routines in place to monitor key risk factors in all business areas.

Internal control with respect to financial reporting occurs through day-to-day follow-up by management and process owners, as well as monitoring by the Audit Committee. Non-conformances and improvement areas are followed up, and corrective measures implemented. Financial risk is handled by a central unit at head office, and the use of financial hedging instruments is assessed as required.

The largest operational risk factors are associated with biological development during smolt production and marine-phase fish farming. Day-to-day efforts in the area of fish health are crucial in order to avoid infection and limit mortality. SalMar works actively to combat disease, and collaborates closely with the authorities, other aquaculture companies and experts in the field in order to reduce the biological risk.

In recent years the spread of salmon lice and the emergence of drug-resistant lice has been a challenge to the aquaculture industry. SalMar has developed its own strategy for dealing with salmon lice, which has been implemented since mid-2009.

In the past couple of years the industry has also seen a rise in cases of Pancreas Disease (PD), as well as the spread of

'new' illnesses, such as Amoebic Gill Disease (AGD) and Heart and Skeletal Muscle Inflammation (HSMI). Despite the implementation of measures to restrict their spread, many outbreaks have extended to a substantial geographic area in a relatively short space of time. In consequence, the way individual fish farmers handle biological challenges is critical not only for other operators in the same region, but for the industry as a whole.

Although the price of salmon has remained at a consistently high level over the past six to nine months, it has been falling steadily for the past three months. Growth in the supply of Atlantic salmon is expected to remain moderate in the time ahead, and the outlook for continued high salmon prices is considered good. However, salmon prices have, historically, proved highly volatile, with major fluctuations occurring within relatively short intervals. The most recent changes in the political climate with respect to international trade with Russia could have a significant short-term impact on the market balance. With a high proportion of output destined for the spot market, changes in price will have an immediate effect on the company's earnings.

Outlook

The global supply of Atlantic salmon increased by about 16 per cent in the second quarter 2014. The growth rate is expected to decrease as the year progresses. However, new forecasts indicate that the upturn will be temporary and that from 2014 to 2015 practically no growth in supply can be expected.

During the second quarter 2014 Norway increased its output of Atlantic salmon by 15 per cent compared with the same period last year, ending the period at 294,800 tonnes. The Norwegian government temporary allowing a 6% higher biomass will likely result in a lower growth than previously outlined for 2014 and subsequent volume growth for the first quarter of 2015. Modest growth in the supply of Atlantic salmon from 2014 to 2015 is still expected.

The second quarter saw relatively strong growth in supplies from Chile, with output 27 per cent higher than in the same period the year before. However, the growth rate is expected to fall sharply through the year, and for the fourth quarter 2014 a marginal decrease is expected compared with the fourth quarter last year. Overall growth for 2014 is estimated at 13 per cent, while for 2015 output from Chile is expected to fall by 5 per cent.

Measured in tonnes, only minor changes are expected in the other regions.

Fish Pool forward prices in mid-August indicate an average salmon price for September of NOK 35.00 per kg. Forward prices for Q4 2014 and Q1 2015 indicate prices of NOK 39.85 per kg and NOK 44.10 per kg respectively. Fish Pool's forward price for the whole of 2015 is NOK 41.25.

SalMar continues to find the biological situation challenging. Expected high levels of salmon lice and growing challenges posed by resistance to treatment could affect fish growth rates and harvesting plans in the coming quarters, which could in turn drive up costs.

The contract rate for the coming quarter is expected to be around 55 per cent.

SalMar was awarded eight "green" licences in Group B. Seven of these will be allocated to the fish-farming segment SalMar Central Norway, while one will go to SalMar Northern Norway. SalMar expects full exploitation of these licences by the end of 2015.

The board of directors expects that SalMar will continue to post strong results in the remaining quarters of 2014.

Statement by the Board of Directors

We declare that, to the best of our knowledge, the half-year financial statements for the period 1 January to 30 June 2014 have been prepared in accordance with IAS 34 – Interim Reporting, and that the information contained therein provides a true and fair view of the Group's assets, liabilities, financial position and overall results.

We further declare that, to the best of our knowledge, the half-year report provides a true and fair view of important events that have taken place during the accounting period and their impact on the half-year financial statements, as well as the most important risks and uncertainties facing the business in the forthcoming accounting period.

The Board of Directors of SalMar ASA

Frøya, 25 August 2014



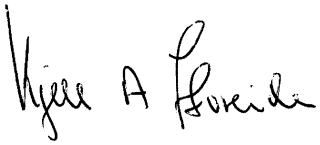
Bjørn Flatgård
Board Chair



Gustav Witzøe
Director



Tove Nedreberg
Director



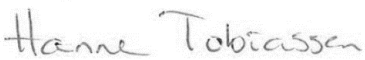
Kjell A. Storeide
Director



Pål Georg Storø
Director



Merethe Helene Holte
Director



Hanne Tobiassen
Director



Leif Inge Nordhammer
CEO

INCOME STATEMENT

NOK million	2Q 14	2Q 13	YTD 2014	YTD 2013	FY 2013
Operating income	**1 744,8**	**1 432,7**	**3 371,1**	**2 709,4**	**6 245,9**
Cost of goods sold	750,3	658,6	1 405,7	1 288,9	3 051,2
Payroll expenses	189,9	140,4	358,8	271,1	623,1
Other operating expenses	292,2	269,3	539,3	502,9	1 086,3
EBITDA	512,5	364,4	1 067,3	646,5	1 485,3
Depreciations	65,1	48,3	134,6	95,5	225,8
Operational EBIT	**447,4**	**316,1**	**932,7**	**551,0**	**1 259,5**
Fair value adjustment	-127,8	88,7	-312,1	152,7	528,2
Particular biological events					
Non-recurring gains on aquisition	-	197,5	-	197,5	161,8
Operational profit	**319,6**	**602,3**	**620,6**	**901,2**	**1 949,4**
Income from investments in associates	18,2	54,2	54,6	94,2	158,0
Other financial items	-24,6	187,3	-52,1	156,8	214,7
Profit before tax	**313,2**	**843,8**	**623,1**	**1 152,2**	**2 322,1**
Tax	78,8	102,6	151,8	175,6	418,7
Net profit for the period	**234,4**	**741,1**	**471,3**	**976,5**	**1 903,4**
Items to be reclassified to profit and loss in subsequent periods:					
Change in translation diff. associates, net tax	17,2	42,3	15,2	44,5	73,4
Change in translation diff. Subsidaries, net tax	0,3	-0,0	-0,0	-0,2	-0,2
Change in fair value of currency instruments	-	-	-0,0	-	1,2
Items not to be reclassified to profit and loss in subsequent periods:					
Share of other comprehensive income of associates					
Year's deviation in estimated pension liabilities	-	-	-	-	0,2
Total comprehensive income	**234,5**	**783,4**	**486,3**	**1 020,8**	**1 978,0**
Non-controlling interests share of result	3,1	60,7	17,8	65,4	113,3
Controlling interests share of result	231,2	680,4	453,5	911,1	1 790,0
Earnings per share (NOK)	2,04	6,01	4,00	8,04	15,80
Earnings per share - diluted	2,04	6,01	4,00	8,04	15,80

BALANCE SHEET – GROUP

NOK million	30.06.2014	31.03.2014	31.12.2013	30.06.2013
ASSETS				
Intangible fixed assets	2 906,3	2 467,7	2 464,1	2 448,2
Tangible fixed assets	2 039,4	1 933,7	1 859,3	1 463,5
Financial fixed assets	462,5	443,3	408,8	731,5
Total fixed assets	**5 408,2**	**4 844,7**	**4 732,2**	**4 643,2**
Inventory	2 912,3	3 034,1	3 248,7	2 658,5
Accounts receivables	532,6	649,0	662,1	578,6
Other short-term receivables	230,3	198,1	217,6	233,9
Cash and cash equivalents	368,2	1 086,7	1 071,0	388,0
Total current assets	**4 043,3**	**4 968,0**	**5 199,4**	**3 859,0**
TOTAL ASSETS	**9 451,6**	**9 812,7**	**9 931,6**	**8 502,2**
EQUITY AND LIABILITIES				
Paid-in equity	476,6	476,6	476,6	493,8
Reserves	3 826,2	4 477,4	4 246,4	3 306,8
Minority interests	355,6	340,9	337,8	290,4
Total equity	**4 658,3**	**5 294,9**	**5 060,8**	**4 091,0**
Provisions for liabilities	1 342,1	1 271,7	1 199,6	992,3
Int. bearing long-term liabilities	2 310,0	2 349,8	2 446,2	2 301,0
Total long-term liabilities	**3 652,1**	**3 621,5**	**3 645,8**	**3 293,3**
Int. bearing short-term liabilities	355,8	243,7	397,2	218,3
Other short-term liabilities	785,3	652,6	827,8	899,6
Total short-term liabilities	**1 141,2**	**896,3**	**1 225,0**	**1 117,9**
TOTAL EQUITY AND LIABILITIES	**9 451,6**	**9 812,7**	**9 931,6**	**8 502,2**
Net interest bearing debt	**2 297,6**	**1 506,8**	**1 772,4**	**2 131,3**
Equity share	**49,3 %**	**54,0 %**	**51,0 %**	**48,1 %**

CASH FLOW

NOK million	2Q 14	2Q 13	YTD 2014	YTD 2013	FY 2013
Profit before tax	313,2	843,8	623,1	1 152,2	2 322,1
Tax paid in period	-0,6	-	-2,0	-2,3	-6,5
Depreciation	65,1	48,3	134,6	95,5	225,8
Share of profit/loss from associates	-18,2	-54,2	-54,6	-94,2	-158,0
Realized and unrealized gains on financial assets	-	-213,2	-	-213,2	-341,8
Non-recurring gains on acquisitions	-	-197,5	-	-197,5	-161,8
Change in fair value adjustments	127,8	-88,7	312,1	-152,7	-528,2
Change in working capital	210,2	96,5	101,5	29,5	-417,6
Other changes	25,7	40,7	55,4	86,2	172,0
Net cash flow from operating activities	723,1	475,6	1 170,0	703,4	1 106,0
Net cash flow from investing activities	-588,0	335,3	-724,1	285,9	698,7
Change in interest-bearing debt	72,2	-372,8	-189,4	-498,5	-540,8
Dividend paid out	-896,0	-	-896,0	-	-0,1
Buy-out of non-controlling interest	-	-69,7	-	-69,7	-70,4
Interest paid	-24,0	-40,1	-52,0	-84,9	-158,1
Other changes	-6,5	-3,3	-11,3	-3,3	-20,6
Net cash flow from financing activities	-854,3	-485,9	-1 148,7	-656,4	-790,0
Net change in cash for the period	**-719,2**	**325,0**	**-702,8**	**332,9**	**1 014,6**
Foreign exchange effects	0,7	-0,0	-0,0	-0,2	1,1
Cash in the beginning of the period	1 086,7	63,0	1 071,0	55,3	55,3
Cash at the end of the period	**368,2**	**388,0**	**368,2**	**388,0**	**1 071,0**

CHANGES IN EQUITY

2014	Share capital	Treasury shares	Share premium fond	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.14	**28,3**	**-0,3**	**415,3**	**32,8**	**1,1**	**4 245,7**	**337,8**	**5 060,8**
Net profit for the year						453,5	17,8	471,3
Comprehensive income					0,0	15,2	0,0	15,2
Total comprehensive income for the yea	0,0	0,0	0,0	0,0	0,0	468,6	17,8	486,4
Transactions with shareholders								
Dividend paid						-896,0		-896,0
Other changes						7,2		7,2
Sum transactions with shareholders	0,0	0,0	0,0	0,0	0,0	-888,8	0,0	-888,8
Equity as at 30.06.14	**28,3**	**-0,3**	**415,3**	**32,8**	**1,1**	**3 825,5**	**355,6**	**4 658,3**

2013	Share capital	Treasury shares	Share premium fond	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.13	**28,3**	**-0,3**	**415,3**	**50,0**	**0,1**	**2 338,1**	**136,3**	**2 967,7**
Net profit for the year						1 790,2	113,3	1 903,4
Comprehensive income					1,1	73,6		74,6
Total comprehensive income for the yea	0,0	0,0	0,0	0,0	1,1	1 863,6	113,3	1 978,0
Transactions with shareholders								
Options granted				1,3				1,3
Options reclassification				-18,4		1,2		-17,2
Access non-controlling interests						0,0	201,1	201,1
Buyout of non-controlling interests						42,5	-112,9	-70,4
Other changes						0,4		0,4
Sum transactions with shareholders	0,0	0,0	0,0	-17,1	0,0	44,0	88,2	115,1
Equity as at 31.12.12	**28,3**	**-0,3**	**415,3**	**32,8**	**1,1**	**4 245,7**	**337,8**	**5 060,8**

SEGMENT INFORMATION

	Farming Central-Norway	Farming Northern-Norway	Farming Rauma	Villa	Sales and Processing	Elim.	Group
2Q 14							
Operating income (mill.)	664,0	315,2	239,4	215,4	1 646,9	-1 336,0	1 744,8
Operational EBIT (mill.)	235,5	90,1	78,1	44,4	12,0	-12,6	447,4
Operational EBIT %	35,5 %	28,6 %	32,6 %	20,6 %	0,7 %		25,6 %
Harvested volume (1,000 tgw)	16,5	8,5	5,0	5,1			35,1
EBIT/ kg gw (NOK)	14,30	10,61	15,47	8,75			12,75
2Q 13							
Operating income (mill.)	663,5	116,9	173,4		1 480,1	-1 001,2	1 432,7
Operational EBIT (mill.)	274,6	44,4	64,2		-63,5	-3,5	316,1
Operational EBIT %	41,4 %	38,0 %	37,0 %		-4,3 %		22,1 %
Harvested volume (1,000 tgw)	15,9	2,8	4,1				22,8
EBIT/ kg gw (NOK)	17,26	15,67	15,68				13,84
YTD 2014							
Operating income (mill.)	1 112,1	647,0	445,3	527,5	3 034,1	-2 394,9	3 371,1
Operational EBIT (mill.)	426,3	239,4	143,1	164,5	-16,1	-24,5	932,7
Operational EBIT %	38,3 %	37,0 %	32,1 %	31,2 %	-0,5 %		27,7 %
Harvested volume (1,000 tgw)	26,3	15,6	9,2	11,8			62,9
EBIT/ kg gw (NOK)	16,19	15,36	15,56	13,97			14,83
YTD 2013							
Operating income (mill.)	1 306,9	194,4	284,2		2 805,1	-1 881,2	2 709,4
Operational EBIT (mill.)	484,5	64,9	101,0		-94,4	-5,0	551,0
Operational EBIT %	37,1 %	33,4 %	35,5 %		-3,4 %		20,3 %
Harvested volume (1,000 tgw)	33,7	5,1	7,2				46,0
EBIT/ kg gw (NOK)	14,39	12,64	14,06				11,98
FY 2013							
Operating income (mill.)	2 702,0	912,7	595,4	314,5	6 047,4	-4 326,2	6 245,9
Operational EBIT (mill.)	924,2	320,2	161,9	54,4	-160,9	-40,3	1 259,5
Operational EBIT %	34,2 %	35,1 %	27,2 %	17,3 %	-2,7 %		20,2 %
Harvested volume (1,000 tgw)	70,2	23,8	14,9	6,1			114,9
EBIT/ kg gw (NOK)	13,17	13,45	10,88	8,9			10,96

KEY FIGURES – GROUP

	2Q 14	2Q 13	YTD 2014	YTD 2013	FY 2013
Number of shares - end of period (mill.)	113,3	113,3	113,3	113,3	113,3
Earnings per share (NOK)	2,04	6,01	4,00	8,04	15,80
Earnings per share - diluted (NOK)	2,04	6,01	4,00	8,04	15,80
EBITDA %	29,4 %	25,4 %	31,7 %	23,9 %	23,8 %
Operational EBIT %	25,6 %	22,1 %	27,7 %	20,3 %	20,2 %
EBIT %	18,3 %	42,0 %	18,4 %	33,3 %	31,2 %
Profit before tax %	17,9 %	58,9 %	18,5 %	42,5 %	37,2 %
Cash flow per share - diluted (NOK)	6,38	4,20	10,33	6,21	9,76
Net interest bearing debt (mill.)	2 297,6	2 131,3	2 297,6	2 131,3	1 772,4
Equity ratio %	49,3 %	48,1 %	49,3 %	48,1 %	51,0 %

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 STATEMENTS

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.

In this interim report the Group has used the same accounting principles as in the 2013 year-end financial statements, with the exception of new or amended accounting standards and interpretations that came into effect on 1 January 2014. This applies to the following:

IFRS 10 – Consolidated Financial Statements

The standard replaces parts of IAS 27 Consolidated and Separate Financial Statement, and deals with the definition of a subsidiary. IFRS 10 places greater emphasis on actual control than previous regulations. According to the new standard, control is now deemed to exist when an investor has power over relevant activities performed by the object of the investment, is exposed to a risk of variable returns, and has the ability to use its power to influence the size of its return on the investment. Implementation of the standard has had no impact on the Group's results or financial position.

IFRS 11 – Joint Arrangements

The standard replaces IAS 31 Interests in Joint Ventures, and regulates the way business operations in which the company shares control with other entities are accounted for. The Group has no investment covered by IFRS 11, and implementation of the standard therefore has no impact on the Group's results or financial position.

IFRS 12 – Disclosure of Interests in Other Entities

The standard replaces the requirements with respect to notes stipulated in IAS 28 Investments in Associates, and specifies the information regarding investments in subsidiaries, associates and jointly controlled entities that must be included in the notes to the financial statements. Its purpose is to provide information regarding the properties of and risks associated with the Group's investments in such companies, and the impact these have on the Group's balance sheet, profit and loss, and cash flows. Implementation of the standard has no impact on the Group's results or financial position, but will affect the notes to the year-end financial statements for 2014.

2. The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA AS	60 500 000	53,40 %
FOLKETRYGDFONDET	9 558 585	8,44 %
PARETO AKSJE NORGE	2 644 044	2,33 %
LIN AS	2 005 200	1,77 %
ODIN NORGE	1 635 467	1,44 %
SALMAR ASA	1 300 000	1,15 %
STATE STREET BANK AND TRUST CO.	1 112 626	0,98 %
PARETO AKTIV	1 082 262	0,96 %
J.P. MORGAN CHASE BANK N.A. LONDON	734 361	0,65 %
STOREBRAND NORGE I	618 791	0,55 %
J.P. MORGAN CHASE BANK N.A. LONDON	607 750	0,54 %
THE BANK OF NEW YORK MELLON	573 559	0,51 %
SKANDINAVISKA ENSKILDA BANKEN AB	535 499	0,47 %
DELPHI NORGE	520 000	0,46 %
PARETO VERDI	511 326	0,45 %
APG AIFMD (TAX)	500 000	0,44 %
VERDIPAPIRFONDET DNB NORGE (IV)	472 646	0,42 %
FORSVARETS PERSONELLSERVICE	461 900	0,41 %
STATE STREET BANK & TRUST CO.	449 720	0,40 %
KLP AKSJE NORGE INDEKS VPF	449 424	0,40 %
Top 20	**86 273 160**	**76,15 %**
Others	27 026 839	23,85 %
Total	**113 299 999**	**100,00 %**

3. Inventory and Biological Assets (biomass)

Book value of inventory	30.06.2014	31.03.2014	31.12.2013	30.06.2013
Raw materials	85,7	82,9	89,8	77,7
Biological assets	2 716,8	2 850,5	3 077,2	2436,5
Finished goods	109,8	100,7	81,7	144,4
Total	2 912,3	3 034,1	3 248,7	2658,5

Fair value adjustment of biological assets	30.06.2014	31.03.2014	31.12.2013	30.06.2013
Historic cost	2 111,3	2 164,2	2 202,3	1 940,8
Fair value adjustment of the biomass	605,5	686,4	874,8	495,7
Book value	2 716,8	2 850,5	3 077,2	2 436,5

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 best estimate for the fair value of fish with a live weight of less than 1 kg is accumulated cost, while the fair value of harvestable fish with a live weight of more than 4 kg is adjusted to its expected net profit/loss. For fish with a live weight of between 1 kg and 4 kg the fair value adjustment of the biomass is set to its pro-rata share of expected net profit/loss at harvest. As a consequence, this can lead to a downward adjustment in the fair value of biological assets.

The fair value of the biomass is assessed on the basis of the market price for the individual weight class on the balance sheet date, corrected for sales costs, including harvesting costs and processing wastage. The market price is adjusted for differences in quality. The sales prices used are based on external forward prices and/or the most relevant price information available for the particular period when the fish are due to be harvested.

Smolt are valued 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:

	2Q 2014	2Q 2013	YTD 2014	YTD 2013	FY 2013
Change in fair value of the biomass	-80,9	98,7	-269,4	238,3	529,4
Change in provisions for onerous contracts		-10,9		-66,0	-1,8
Unrealised change in value of fish-pool contracts	-12,0	-1,1	-23,0	-3,2	13,7
Unrealised change in value of forward currency contracts	-34,9	1,9	-19,7	-16,4	-13,2
Fair value adjustments recognised in profit and loss	-127,8	88,7	-312,1	152,7	528,2

Note 5. Business combinations

Business acquisitions in 2014

The SalMar Group has not made any business combinations in 1H 2014

Business acquisitions in 2013

Atlantic Cod Farms AS

On 22 April 2013 the Group agreed the purchase of 100% of the shares in Atlantic Cod Farms AS. For accounting purposes the transaction is treated as a business acquisition, and the company will be included in the Rauma segment. The purpose of the acquisition was to secure access to sites in Møre. In addition to sites, operating equipment in the area was also taken over. Moreover, the acquired company has a substantial loss carryforward, which has a value for SalMar. The value of the carryforward has resulted in a non-recurring gain in connection with the acquisition. The non-recurring gain has been taken to income in its entirety.

Changes in the allocation of the consideration have been made in the fourth quarter. The changes are largely associated with the value of operating assets, as well as the final disclosure of deferred tax assets on the date of acquisition. The change in allocation means that the non-recurring gain was reduced from NOK 96.2 million to NOK 87.0 million. The NOK 9.2 million reduction in the non-recurring gain has been recognised in the fourth quarter. Allocation of the consideration is now deemed to be final.

The acquisition's effect on the balance sheet:	Book value	Fair value adjustments	Fair value
Deferred tax assets	-	103,4	103,4
Intangible assets	-	11,0	11,0
Property, plant & equipment	12,7	-	12,7
Liquid assets	0,7	-	0,7
Liabilities	-34,5	-0,8	-35,2
Net identifiable assets and liabilities	**-21,1**	**113,6**	**92,6**
Cash consideration			-5,5
Non-recurring gain from acquisition			**87,0**

Villa Organic AS

In 2013 the Group has completed a stepwise acquisition of shares in Villa Organic AS which, in June 2013, resulted in SalMar becoming majority shareholder in the Villa Group. As at 30 June 2013 SalMar's shareholding stood at 50.4%.

In 2012 SalMar acquired 8.4% of the shares in Villa Organic AS. At the start of April 2013 agreement was reached with a group of shareholders of Villa Organic AS to acquire a further 41.3% of the company's shares, bringing SalMar's total shareholding after the transaction to 49.7%. From this point in time SalMar exercised considerable influence over the Villa Group, and the shares were classified as an associate of SalMar ASA. Towards the end of the second quarter a further 0.7% of the shares were acquired, and as at 30 June 2013 SalMar ASA's shareholding in the company totalled 50.4%. Villa Organic AS is a fully integrated aquaculture company, with 16 fish farming licences, as well as sites in Laksefjord and Varangerfjord. In addition to its fish farming activities, the Group has its own smolt production, two processing plants and its own sales organisation. The Villa Group became a consolidated subsidiary with effect from 30 June 2013 since when it has been reported as a separate segment in the SalMar Group.

Changes in the allocation of consideration have been made in the fourth quarter. These changes have been prompted largely by new information on the value of operating assets on the date of acquisition. Changes in allocation resulted in the non-recurring gain associated with the acquisiton being reduced from NOK 121.3 million to NOK 94.7 million. The NOK 26.6 million reduction in the non-recurring gain has been recognised in the fourth quarter. Allocation of the consideration is now deemed to be final.

The acquisition's effect on the balance sheet:	Book value	Fair value adjustments	Fair value
Intangible assets	24,0	279,2	303,2
Property, plant & equipment	212,6	-74,9	137,7
Other financial assets	5,0	-	5,0
Inventory and biological assets	233,2	18,2	251,4
Current assets	123,8	0,6	124,4
Deferred tax	25,8	-65,2	-39,4
Interest-bearing debt	-197,0	-1,0	-198,0
Other liabilities	-84,0	-	-84,0
Net identifiable assets and liabilities	**343,4**	**157,0**	**500,4**
Consideration on establishment of subsidiary			-204,6
Non-controlling interests			-201,1
Non-recurring gain from acquisition			**94,7**

Excess value and bargain purchases derive from an assessment of the fair value of identifiable assets and liabilities. Excess value associated with intangible assets relates to production licences. The acquired company owns 16 fish farming licences, of which seven are specific to Varangerfjord, Finnmark. The value of the licences is determined on the basis of comparable transactions and analyses based on recognised valuation methods. Thus the value of the licences in the allocation of excess value has been set at NOK 22.0 million per licence, with the exception of the fixed-location licences, where it is set at NOK 15.0 million each. As a result of the allocation of excess value, SalMar received a non-recurring gain from the acquisition of NOK 94.7 million. The main reason for the revenue recognition is that the seller of the shares was in a difficult financial situation at the time the transaction was completed.

Ocean Farming AS

On 31 December 2013 the Group signed an agreement for the purchase of 52% of the shares in Ocean Farming AS, following which it now owns 91% of the shares in this company. For accounting purposes, the transaction is treated as a business takeover. The purpose of the acquisition is to secure access to technology developed by the company. Allocation of the consideration is presented below, and is deemed to be final.

The acquisition's effect on the balance sheet:	Book value	Fair value adjustments	Fair value
Deferred tax assets	-	0,6	0,59
Intangible assets	-	19,2	19,15
Current assets	6,0	-	6,03
Other liabilities	-25,7	-	-25,67
Net identifiable assets and liabilities	**-19,6**	**19,7**	**0,10**
Cash consideration			-0,09
Non-controlling interests			-0,01

Note 6 - Financial assets - Associates

Companies recognised in accordance with the equity method	***Norskott***	***Others***	***TOTAL***
Opening balance 31.12.2013	402,3	0,1	402,4
Acquisition of shares/contribution	-	-	-
Share of year's profit/loss	54,6	-	54,6
Other items in comprehensive income	15,1	-	15,1
Dividend received	-17,5	-	-17,5
Sale of assets	-	-	-
Closing balance 31.03.2014	**454,5**	**0,1**	**454,6**

Note 7- Other financial items

	2Q 2014	**2Q 2013**	**YTD 2014**	**YTD 13**	**FY 13**
Unrealised gains TRS agreement		13,1		26,7	26,7
Gain on realisation of shares		194,4		194,8	254,4
Change in value of financial assets to fair value in profit and loss		13,3		13,3	82,8
Net interest expenses	-24,0	-40,1	-52,0	-84,9	-158,1
Other net financial items	-0,6	6,6	-0,2	6,9	8,9
Total other financial items	-24,6	187,3	-52,1	156,8	214,7

Note 8 - Exit of subsidiaries and non-controlling interests in Villa Organic

Over the course of 2013 SalMar acquired a 50.4 per cent shareholding in Villa Organic, giving it a controlling interest in the company. Villa Organic is a fully integrated aquaculture group, operating throughout the value chain. Its fish farming operations are located in Finnmark. Villa Organic has a total of 16 licences for the production of farmed salmon. SalMar and Villa Organic's other major shareholder (Lerøy Seafood Group ASA) have jointly decided to divide the company between themselves. This has been accomplished with effect from 1 July 2014. SalMar's share of the Villa Organic group's activities will continue operating as SalMar Laksefjorden AS, in which SalMar has a 99.94 per cent shareholding. SalMar Laksefjorden now owns eight licences and thus has control of the Laksefjord area in Finnmark. With effect from 1 July 2014, SalMar Laksefjorden's operations will be integrated into the segment SalMar Northern Norway.

The reported figures for the SalMar Group as at 30 June 2014 include 100 per cent of the Villa Organic group's assets and liabilities. With effect from 1 July 2014 the non-controlling interests in the Villa Organic group will be bought out, with settlement in assets and liabilities. As a result, the shareholdings in the subsidiaries Romsdal Processing AS and Kirkenes Processing AS will be divided between SalMar Lakesfjorden AS and Lerøy Finnmark AS. These two subsidiaries will therefore exit the Group with effect from 1 July 2014. The exit of subsidiaries and non-controlling interests will affect SalMar's balance sheet as indicated in the presentation below:

NOK million	Consolidated Balance SalMar Group 30.06.2014	Exit of subsidiaries and non-controlling interests	Consolidated Balance SalMar Group 01.07.2014
ASSETS			
Intangible fixed assets	2 906,3	-150,4	2 755,9
Tangible fixed assets	2 039,4	-106,1	1 933,3
Financial fixed assets	462,5	2,5	465,0
Total fixed assets	**5 408,2**	**-254,0**	**5 154,2**
Inventory	2 912,3	-90,7	2 821,6
Accounts receivables	532,6	-13,5	519,0
Other short-term receivables	230,3	-12,1	218,2
Cash and cash equivalents	368,2	-140,9	227,3
Total current assets	**4 043,3**	**-257,2**	**3 786,1**
TOTAL ASSETS	**9 451,6**	**-511,3**	**8 940,3**
EQUITY AND LIABILITIES			
Paid-in equity	476,6		476,6
Reserves	3 826,2	-10,9	3 815,3
Minority interests	355,6	-319,6	36,0
Total equity	**4 658,3**	**-330,5**	**4 327,8**
Provisions for liabilities	1 342,1	-47,6	1 294,5
Int. bearing long-term liabilities	2 310,0	-42,6	2 267,4
Total long-term liabilities	**3 652,1**	**-90,2**	**3 561,9**
Int. bearing short-term liabilities	355,8	-	355,8
Other short-term liabilities	785,3	-90,6	694,7
Total short-term liabilities	**1 141,2**	**-90,6**	**1 050,6**
TOTAL EQUITY AND LIABILITIES	**9 451,6**	**-511,3**	**8 940,3**
Net interest bearing debt	**2 297,6**		**2 395,9**
Equity share	**49,3 %**		**48,4 %**