QUARTERLY REPORT
Second quarter 2018





Passion for Salmon

SALMAR

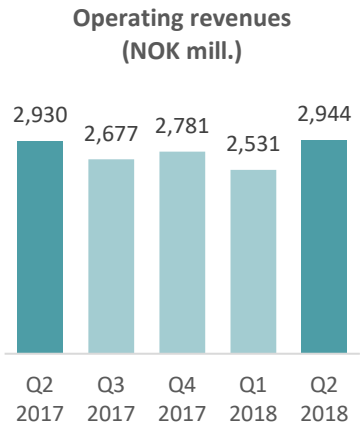
RESULTS FOR THE SECOND QUARTER AND FIRST HALF OF 2018

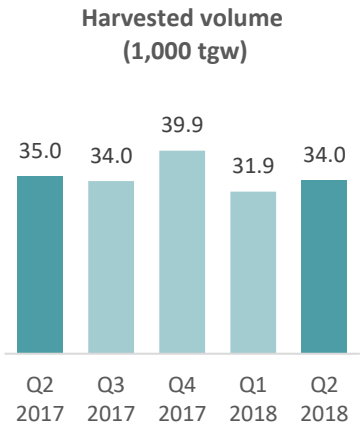
HIGHLIGHTS

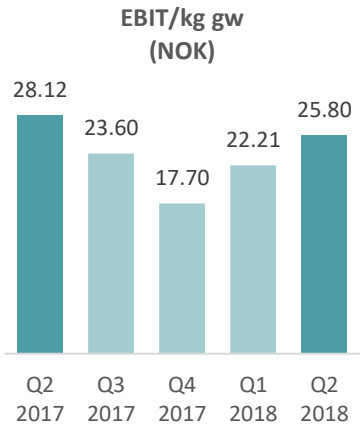
- Operationally good quarter, with costs reductions.
- Price achievement affected by a high contract rate, with prices well below the spot price for the period.
- NOK 363 million invested to increase MAB capacity by 2,132 tonnes.
- SalMar still expects to harvest 143,000 tonnes in Norway in 2018.

KEY FIGURES – GROUP

NOK million	Q2 2018	Q2 2017	1H 2018	1H 2017	FY 2017
Operating revenue	2 944,0	2 929,9	5 475,0	5 360,0	10 817,2
Operational EBIT	878,6	983,0	1 586,8	1 653,7	3 162,2
Operational EBIT %	29,8 %	33,5 %	29,0 %	30,9 %	29,2 %
Fair value adjustments	25,5	-286,8	177,1	-469,0	-370,0
Profit/loss from associates	78,8	74,9	136,3	157,1	208,9
Profit/loss before tax	967,6	717,6	1 881,0	1 266,2	2 856,2
EPS - diluted	6,78	4,97	13,11	8,82	20,18
NIBD	2 516,0	2 312,2	2 516,0	2 312,2	1 222,5
Equity ratio %	51,8 %	49,6 %	51,8 %	49,6 %	59,3 %
Harvested volume (1,000 tgw)	34,0	35,0	65,9	61,3	135,2
EBIT/kg gw (NOK)	25,80	28,12	24,07	26,99	23,40







FINANCIAL PERFORMANCE

Revenues and results in the second quarter 2018

SalMar performed well in the quarter, achieving a reduction in costs. Investments of NOK 363 million were made during the quarter to increase MAB capacity. These investments will, over time, help to achieve more cost-effective operations and increase harvested volumes.

In the second quarter 2018, the SalMar Group harvested 34,049 tonnes of salmon, compared with 31,900 tonnes in the previous quarter and 35,000 tonnes in the second quarter 2017.

In addition, Norskott Havbruk (Scottish Sea Farms) harvested a total of 6,200 tonnes, compared with 6,500 tonnes the previous quarter and 8,400 tonnes in the second quarter 2017. SalMar owns 50 per cent of Norskott Havbruk.

In the second quarter 2018, the price of salmon (NASDAQ Salmon Index) averaged NOK 68.81 per kg, an increase of NOK 8.44 per kg from the previous quarter. Compared with the second quarter last year, however, the price of salmon was just NOK 0.98 higher.

SalMar generated gross operating revenues of NOK 2,944.0 million in the second quarter 2018, compared with NOK 2,531.0 million in the first quarter this year and NOK 2,929.9 million in the second quarter 2017.

The Group made an Operational EBIT of NOK 878.6 million in the period, up from NOK 708.1 million in the previous quarter, but down from NOK 983.0 million in the same period last year.

For the Group as a whole, Operational EBIT per kg ended the quarter at NOK 25.80, compared with NOK 22.21 per kg in the first quarter this year and NOK 28.12 per kg in the second quarter 2017.

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 boosted SalMar's recognised operating profit by NOK 25.5 million in the period. The fair value of the standing biomass rose by NOK 9.6 million in the quarter, while changes in unrealised losses on contracts, financial Fish Pool contracts and currency positions boosted profit and loss by NOK 15.9 million. See Note 4 for further details.

Operating profit for the second quarter 2018 therefore totalled NOK 904.1 million, compared with NOK 696.1 million in the corresponding period last year. Operating profit in the second quarter 2017 was negatively affected by combined fair value adjustments of NOK 286.8 million.

Associates contributed NOK 78.8 million to the period's result. The contribution derives primarily from SalMar's share of the profit/loss in Norskott Havbruk and Arnarlax. Associates contributed NOK 74.9 million in the second quarter 2017.

Net interest expenses totalled NOK 25.1 million in the quarter, while net other financial items were positive in the amount of NOK 9.8 million. Profit before tax for the period came to NOK 967.6 million. Profit before tax in the second quarter 2017 totalled NOK 717.6 million.

A tax expense of NOK 204.6 million has been calculated for the period, such that the Group's net profit for the second quarter 2018 totals NOK 763.0 million. The tax expense in the corresponding period of 2017 came to NOK 154.0 million, while net profit totalled NOK 563.6 million.

Revenues and results for the first half of 2018

The first half of 2018 was a good period for the salmon farming industry, with strong demand and a willingness to pay a high price for the salmon. Compared with previous years, the biological situation at SalMar was also good, thanks largely to lower sea lice levels.

In the first six months of 2018, the SalMar Group generated gross operating revenues of NOK 5,475.0 million, compared with NOK 5,360.0 million in the corresponding period in 2017.

Excluding Norskott Havbruk and Arnarlax, a total of 65,900 tonnes was harvested in the period, compared with 61,300 tonnes in the corresponding period last year.

The average salmon price (NASDAQ Salmon Index) in the first half of 2018 came to NOK 63.94 per kg, compared with NOK 67.03 per kg in the same period last year.

Operational EBIT for the first half of 2018 totalled NOK 1,586.8 million, compared with NOK 1,653.7 million in the same period last year. For the Group as a whole, this gives an Operational EBIT per kg of NOK 24.07, compared with NOK 26.99 per kg in the first half of 2017.

The decrease is largely attributable to lower salmon prices.

Fair value adjustments boosted SalMar's first-half results by NOK 177.1 million, bringing operating profit in the first six months of 2018 to NOK 1,763.9 million. Operating profit in the first half of 2017 totalled NOK 1,184.7 million, following negative fair value adjustments of NOK 469.0 million in all.

Associates contributed NOK 136.3 million in the period, compared with NOK 157.1 million in the corresponding period last year. Net interest expenses came to NOK 48.1 million in the period, while net other financial items totalled NOK 28.9 million. As a result, profit before tax in the first six months of 2018 came to NOK 1,881.0 million. In the corresponding period last year, net interest expenses came to NOK 44.8 million, while net other financial items totalled NOK -30.8 million. Net profit in the first half of 2017 totalled NOK 1,266.2 million.

A tax expense of NOK 396.4 million has been calculated for the first six months of 2018, such that the net profit for the first half-year totals NOK 1,484.6 million.

A tax expense of NOK 259.4 million was recognised in the first half of 2017, which resulted in a net profit for the period of NOK 1,006.8 million.

Cash flow

The SalMar Group had a positive cash flow from operating activities of NOK 832.6 million in the second quarter 2018.

Net cash flow from investing activities came to NOK -441.1 million in the period. The bulk of the investments relate to the purchase of an additional 2,132 tonnes of MAB capacity. This breaks down into 443 tonnes in production zone 7 and 1,689 tonnes distributed across production zones 10–13. The total investment came to NOK 363.1 million. Furthermore, payments relating to investments in property, plant and equipment totalled NOK 135.5 million in the quarter. NOK 80.0 million in dividends from associates was also received in the period.

The Group's net cash flow from financing activities came to NOK -724.1 million. A dividend of NOK 2,147.2 million was paid during the period. At the same time, the Group's interest-bearing debt increased by NOK 1,448.2 million. Net interest paid totalled NOK 25.1 million in the quarter.

This gave SalMar a negative net cash flow of NOK 332.6 million in the period. Adjusted for currency effects, this reduced the Group's holding of cash and cash equivalents by NOK 332.0 million in the period. At the close of the quarter, the Group had cash and cash equivalents totalling NOK 157.1 million.

For the first half-year as a whole, the SalMar Group's net cash flow from operating activities was positive in the amount of NOK 1,464.8 million (NOK 1,877.9 million). Net cash flow from investing activities came to NOK -559.8 million (NOK -410.5 million), while cash flow from financing activities came to NOK -992.3 million (NOK -1,518.4 million). As a result, the Group's net cash flow for the first half of 2018 came to NOK -17.3 million (NOK -51.0 million).

Financial position

At the close of the first half of 2018, SalMar's balance sheet totalled NOK 13,469.4 million, compared with NOK 13,462.5 million three months earlier, and NOK 12,830.3 million at the close of the first half of 2017.

The book value of the Group's property, plant and equipment rose by NOK 18.0 million through the quarter to NOK 3,596.0 million. Investments are being made in line with previously adopted plans. This includes the expansion of hatchery capacity and general maintenance activities.

At the close of the period, the Group had current assets totalling NOK 5,448.7 million, down from NOK 5,816.1 million three months earlier.

The book value of inventory decreased by NOK 32.7 million in the quarter. The fair value of the biomass increased by NOK 9.6 million during the period, as a result of higher forward prices compared with the close of the previous quarter. A slight decrease in the volume of the standing biomass explains the reduction in production costs during the period.

There were only minor changes in receivables during the quarter, such that the Group's overall trade receivables at the close of the period stood at NOK 649.8 million, while other short-term receivables totalled NOK 243.1 million.

At the close of the quarter, the SalMar Group had a cash holding of NOK 157.1 million, down from NOK 489.1 million three months before.

The Group's total equity as at 30 June 2018 came to NOK 6,976.5 million, corresponding to an equity ratio of 51.8 per cent. See the statement of movements in equity for further details of changes during the quarter.

At the close of the period, the SalMar Group's overall interest-bearing debt totalled NOK 2,673.1 million. Of this amount, debt to credit institutions accounted for NOK 2,002.0 million, ordinary leasing liabilities for NOK 19.6 million and leasing liabilities relating to InnovaMar for NOK 315.5 million. Short-term interest-bearing debt totalling NOK 335.6 million comprises NOK 200.6 million in drawdowns on operating credit facilities and NOK 134.9 million in the first year's instalments on interest-bearing debt. Other non-current liabilities totalled NOK 0.4 million.

Other current liabilities decreased by NOK 53.9 million in the quarter to NOK 2,417.5 million. Trade payables were reduced by NOK 174.2 million, while tax payable increased by NOK 190.8 million.

At the close of the second quarter 2018, SalMar had a net interest-bearing debt of NOK 2,516.0 million, an increase of NOK 1,780.7 million compared with three months earlier.

OPERATING PERFORMANCE

Fish Farming Central Norway

NOK million	Q2 18	Q2 17	2017
Operating revenue	1 092	1 436	5 198
Operational EBIT	496	633	1 891
Operational EBIT%	45,4%	44,1%	36,4%
Harvested volume (1,000 tgw)	16,7	21,2	87,5
EBIT/kg gw (NOK)	29,74	29,89	21,63

Fish Farming Central Norway harvested a total of 16,700 tonnes of salmon in the second quarter 2018, compared with 21,200 tonnes in the corresponding period last year. Compared with the second quarter 2017, prices remained relatively stable. The lower volume harvested therefore led to a reduction in operating revenues to NOK 1,092.4 million, compared with NOK 1,435.6 million in the second quarter 2017.

The development in the quarter were good both operationally and with respect to biological performance. The cost of the harvested biomass fell steadily through the period. The last remaining fish transferred to the sea in the autumn of 2016 were harvested out in April. The harvested volume otherwise derived from fish transferred to the sea in the spring of 2017. These stocks have performed substantially better and are harvested at a lower production cost than the previous generation.

The prices achieved by the segment were negatively affected by an unfavourable distribution of the harvested volume compared with developments in the spot price through the period.

Fish Farming Central Norway therefore made an EBIT per kg gutted weight of NOK 29.74 in the second quarter. This is up from NOK 23.82 per kg in the previous quarter and in line with the corresponding period last year, when EBIT per kg came to NOK 29.89.

Although some sites recorded slightly higher lice numbers going into the third quarter, the lice situation generally in the region is better than in previous years. The spring delousing therefore proceeded normally, with few treatments. Over time, SalMar has built up a robust level of preparedness and treatment capacity, and is well equipped to handle any challenges that may arise going forward.

On the basis of the positive biological performance of the fish transferred to the sea in the spring of 2017, it is expected that the segment's level of costs will improve in the third quarter 2018.

Fish Farming Central Norway expects to harvest around 100,000 tonnes of salmon in 2018 as a whole. This is 4,000 tonnes more than the estimate given at the close of the previous quarter.

Fish Farming Northern Norway

NOK million	Q2 18	Q2 17	2017
Operating revenue	1 208	932	2 865
Operational EBIT	581	492	1 376
Operational EBIT%	48,1%	52,8%	48,0%
Harvested volume (1 000 tgw)	17,4	13,8	47,7
EBIT/kg gw (NOK)	33,40	35,73	28,84

Fish Farming Northern Norway harvested around 17,400 tonnes of salmon during the period. This is up 7,800 tonnes from the previous quarter and 3,600 tonnes from the corresponding period last year.

The segment generated operating revenues of NOK 1,208.5 million in the period, compared with NOK 932.1 million in the corresponding period in 2017. The increase in revenue is attributable to the substantially higher harvested volume.

EBIT per kg gutted weight in the second quarter came to NOK 33.40, up from NOK 24.02 per kg in the previous quarter, but down from NOK 35.73 per kg in the second quarter 2017.

As expected, and previously communicated, the cost of the harvested biomass was higher in the second quarter than in previous quarters. This is because all the fish harvested in the quarter came from the generation transferred to the sea in the autumn of 2016. This generation was subject to intense lice infestation in the autumn of 2017, which has had a negative impact on production costs.

The distribution of the harvested volume was favourable relative to price developments through the period, which resulted in good price achievement in the quarter.

SalMar has invested heavily to increase Fish Farming Northern Norway's lice treatment capacity and preparedness. The lice situation in the region is good, but increased preparedness and treatment capacity lead to higher fixed costs.

As a consequence of the chosen harvesting profile, lower growth rates than planned and investments in new MAB capacity, a relatively lower volume is expected to be harvested in the third quarter 2018.

SalMar expects no great change in Fish Farming Northern Norway's costs from the second to the third quarter.

The segment is expected to harvest around 43,000 tonnes in 2018 as a whole. This is 4,000 tonnes less than the estimate given at the close of the previous quarter. The adjustment is due to a postponement in the harvesting of some volumes from 2018 to 2019 as part of the production optimisation enabled by the new MAB capacity in the region.

Sales and Processing

NOK million	Q2 18	Q2 17	2017
Operating revenue	3 002	2 996	10 925
Operational EBIT	-150	-113	48
Operational EBIT%	-5,0%	-3,8%	0,4%

The Sales and Processing segment generated gross operating revenues of NOK 3,001.9 million in the second quarter 2018, marginally up from the NOK 2,996.4 million achieved in the corresponding period last year.

Sales and Processing sells the entire Group's harvested volume.

The segment made an Operational EBIT of NOK -150.1 million in the period, compared with NOK -112.5 million in the second quarter last year and NOK -15.3 million in the first quarter 2018.

The increased deficit is attributable to the pre-contracted sale of around 45 per cent of the volume harvested in the period at prices well below the spot price.

The underlying operational performance of both the harvesting and processing activities was satisfactory, and increased volumes contributed to higher capacity utilisation and improved operational efficiency.

A total of around 31,600 tonnes was harvested at InnovaMar in the period, compared with 25,125 tonnes in the previous quarter and 29,130 tonnes in the second quarter last year.

As at 23 August, around 35 per cent of the volume in the third quarter 2018 will be sold under contract. The contract rate for the remaining volume in 2018 as a whole comes to 35 per cent.

Eliminations

Research and development (R&D) costs are eliminated from the segment's reported financial results. Of a total harvested volume of 34,000 tonnes in the second quarter 2018, R&D costs accounted for NOK 0.83 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	Q2 18	Q2 17	2017
Operating revenues	479	599	2 088
Operational EBIT	174	227	669
Operational EBIT%	36,3%	37,9%	32,1%
Fair value adj. biomass	16	27	9
Profit before tax	190	253	670
SalMar's share after tax	76	98	273
Harvested volume (1 000 tgw)	6,2	8,4	31,0
EBIT/kg gw (NOK)	27,98	26,91	21,59

Norskott Havbruk generated gross operating revenues of NOK 479.3 million in the second quarter 2018, compared with NOK 518.7 million in the first quarter this year and NOK 598.7 million in the second quarter 2017. The decrease is attributable largely to a lower harvested volume.

Norskott Havbruk harvested a total of approx. 6,200 tonnes of fish in the quarter, 300 tonnes less than in the previous quarter and 2,200 tonnes less than in the corresponding period last year. SalMar's share of the harvested volume came to 3 100 tonnes.

The company posted a good result in the second quarter 2018, with a good underlying operative performance.

The company is producing well and the biological status in all its operational areas is good. As a result, the fish harvested in the quarter have had a favourable average weight.

The contract rate for the quarter was 45 per cent.

EBIT per kg gutted weight came to NOK 27.98 in the period, compared with NOK 26.67 per kg in the previous quarter and NOK 26.91 per kg in the second quarter 2017.

The company expects to harvest around 26,000 tonnes in 2018 as a whole.

Arnarlax HF

Arnarlax HF is recognised as an associate, with SalMar's share 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	Q2 18	Q2 17	2017
Operating revenues	78	194	625
Operational EBIT	3	26	60
Operational EBIT%	3,3%	13,4%	9,6%
Fair value adj. biomass	15	-53	-186
Profit before tax	9	-49	-165
SalMar's share after tax	3	-17	-56
Harvested volume (1 000 tgw)	1,0	2,8	9,7
EBIT/kg gw (NOK)	2,70	9,32	6,23

Arnarlax harvested around 1,000 tonnes in the second quarter 2018, compared with 2,800 tonnes in the same period last year. The company generated gross operating revenues of NOK 78.2 million in the quarter, compared with NOK 193.8 million in the corresponding period in 2017.

Profit in the period was negatively affected by a high mortality rate, high underlying costs for the harvested biomass and high fixed costs per unit as a result of the low harvested volume.

Operational EBIT for the period came to NOK 2.6 million, equivalent to an EBIT per kg of NOK 2.70. In the corresponding period last year, Arnarlax made an Operational EBIT of NOK 26.0 million, equalling an EBIT per kg of NOK 9.32.

The company expects to harvest 6,700 tonnes in 2018.

To achieve the company's further growth, it has been necessary to reinforce its capital base. After the close of the quarter, the company has therefore undertaken a cash issue to raise NOK 200 million. Following this issue, SalMar has an indirect shareholding in the company of 41.95 per cent.

MARKETS

Supply and demand

The global supply of Atlantic salmon in the second quarter of 2018 is estimated at around 556,900 tonnes, some 5 per cent more than in the same period last year. The increase has been driven by higher production levels in Norway and Chile.

Overall, Chilean producers harvested 155,600 tonnes of Atlantic salmon in the quarter, an increase of 24,900 or 19 per cent compared with the same period last year. Around 282,100 tonnes were harvested in Norway, 8 per cent more than in the same period in 2017.

In the UK and Faeroe Islands, the situation was reversed. British fish farmers harvested 35,700 tonnes in the period, down 21 per cent on the year before. Producers in the Faeroes harvested 17,900 tonnes, a decrease of 28 per cent.

The changes were less pronounced in the other major fish farming regions. In North America, the volume harvested rose by 6 per cent to 42,900 tonnes in the period, while the volume harvested in the other producing countries fell by 14 per cent to 22,700 tonnes.

The rise in Norwegian salmon exports seen in the first quarter this year continued in the second.

Overall, Norway exported around 271,400 tonnes round weight of Atlantic salmon during the period. This is an increase of approx. 22,000 tonnes or 9 per cent compared with the second quarter 2017. There were only minor changes in the price level from the corresponding period last year, and the relative change in the value of exports, measured in NOK, also rose by 9 per cent. In total, salmon exports in the period were worth around NOK 16.7 billion.

Norway exported a total of 207,600 tonnes of salmon to the EU during the quarter, up 15 per cent on the corresponding period last year. The value of exports to the EU rose to NOK 12.5 billion.

There was an increase in the volume exported to the largest individual markets within the EU.

Exports to the French market totalled 29,900 tonnes in the quarter, up 20 per cent on the same period last year. Measured in NOK, the increase was 23 per cent. Exports of Norwegian salmon to Poland rose by 14 per cent to 35,400 tonnes. Exports to Denmark rose by 22 per cent to 22,300 tonnes and to the UK by 45 per cent to 18,900 tonnes. Exports to Spain increased by 13 per cent to 17,300 tonnes.

After a downturn in exports to the USA in the first quarter this year, developments in the second quarter were positive. A total of 16,700 tonnes were exported to the USA in the second quarter 2018, up 10 per cent on the year before.

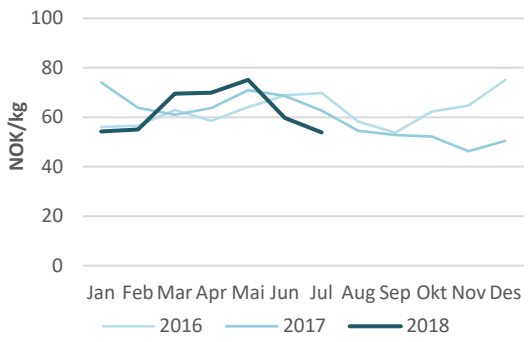
Following several quarters of steady improvement, the second quarter saw a decrease in exports of Norwegian salmon to the Asian markets. During the period, a total of 7,800 tonnes were exported to these markets, which is 34 per cent less than in the corresponding period last year.

Prices and exchange rates

At the start of the second quarter, Atlantic salmon was priced at around NOK 75 per kg. During the quarter, the price fell to close at NOK 55 per kg, though with substantial fluctuations through the period. In mid-May, the price reached upwards of NOK 80 per kg.

The price of salmon (NASDAQ Salmon Index) in the second quarter 2018 averaged NOK 68.81 per kg, up NOK 8.44 per kg from the previous quarter. Compared with the second quarter 2017, the price of salmon was NOK 0.98 per kg higher.

Price of salmon on the NASDAQ Salmon Index NOK/kg



Changes in the value of the NOK against the most important trading currencies during the quarter were mixed.

From the close of the first quarter this year until the close of the second quarter, the NOK strengthened against the EUR and GBP by 1.4 per cent and 2.5 per cent respectively, while the NOK weakened against the USD by 4.9 per cent in the same period.

From the close of the second quarter 2017 until the close of the second quarter 2018, the NOK has strengthened against the EUR, GBP and USD by, respectively, 0.6 per cent, 1.4 per cent and 2.7 per cent.

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

The latest biomass estimate (Kontali) shows that the standing biomass in Norway at the end of the first six months of 2018 totalled 677,700 tonnes round weight, an increase of 6.6 per cent compared with the same time last year, when the biomass totalled 635,800 tonnes. At the close of 2017, Norway's combined biomass came to 769,700 tonnnes round weight.

The biomass in Chile totalled 325,900 tonnes round weight at the close of the quarter, 5 per cent up on the level a year before. At the close of 2017 Chile's biomass was estimated at around 295,400 tonnes round weight.

As at 30 June 2018, the UK's overall biomass totalled 81,300 tonnes round weight, 11 per cent less than the total volume a year before. As at 31 December 2017, British fish farmers had a combined total biomass of 89,900 tonnes round weight.

The total biomass in the Faeroes at the close of the period is estimated at 34,700 tonnes round weight, down 16 per cent on the level a year before.

EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the close of the quarter.

SHARES AND SHAREHOLDERS

At the close of the second quarter 2018, SalMar had a total of 113,299,999 shares outstanding, divided between 4,628 shareholders.

The company's major shareholder, Kverva AS, owns 52.46 per cent of the shares. The 20 largest shareholders own a total of 75.88 per cent of the shares, with SalMar ASA being the 13th largest shareholder with 754,922 shares, corresponding to 0.67 per cent of the total number of shares outstanding as at 30 June 2018.

During the period, SalMar's share price varied between NOK 324.00 and NOK 403.20. The final price at the close of the quarter was NOK 341.80. At the close of the previous quarter, the share price stood at NOK 321.20. The share price therefore appreciated by 6 per cent during the period.

A total of just under 24.2 million shares were traded in the quarter. This corresponds to around 21 per cent of the total number of shares outstanding. An average of 403,000 shares were traded daily during the period. In the first quarter 2018, an average of 356,000 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.

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, and great emphasis is placed on the control and follow-up of facilities in accordance with quality and certification standards.

It is the CEO's responsibility to ensure that the Group operates in compliance with all relevant legislation and guidelines relating to the operation of the Group's facilities. The follow-up and control of risk factors, as well as compliance with the Group's values and code of conduct, take place in the line as part of day-to-day operations.

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. Even though SalMar establishes and develops risk-reducing measures, biological risk is an inherent and inescapable aspect of the business. In recent

years the spread of salmon lice and the growing numbers of lice with a reduced sensitivity to preparations and medications that have been effective treatments in recent decades have posed a challenge to the aquaculture industry.

SalMar takes a holistic and strategic approach to biological risk, including lice, and implements measures to both prevent and limit any damage. SalMar constantly makes operational assessments to safeguard fish welfare.

The company's operating procedures are designed to reduce biological risk. With respect to the lice situation, biological delousing using cleaner fish farmed in-house is a vital countermeasure. Vaccination against a variety of fish diseases is also a key part of SalMar's operating procedures.

SalMar has, over time, built up a good response capacity to enable it to successfully handle biological challenges. InnovaMar's harvesting capacity puts us in a strong position. Furthermore, SalMar has good access to wellboat capacity. In the past couple of years, a substantial delousing capacity has been built up in the form of mechanical delousing equipment, which also includes the collection of lice to prevent reproduction.

The price of salmon has remained at a consistently high level over the past few quarters. Moderate growth in the supply of Atlantic salmon in the time ahead continues to be expected, 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 global salmon market is primarily a fresh-fish market, where the bulk of the fish harvested is immediately sold on to processing companies or consumers. Demand has been growing steadily for several years, while the growth in supply has been more varied from year to year.

In addition to the planned production volume, defined by the transfer of smolt to seagoing fish farms, supply is also affected by a number of external factors. Fluctuations in sea temperatures, salmon lice numbers and outbreaks of disease are all factors which directly or indirectly affect the fish's growth and thereby the overall supply. As a result, relatively large variations in supply may arise within short periods of time. With demand relatively stable, this can cause prices to swing substantially. Since a high proportion of the output is aimed at the spot market, any movements in price will have an immediate impact on the company's earnings.

OUTLOOK

Markets

The global supply of Atlantic salmon was 5 per cent higher in the second quarter 2018 than in the same period last year. The growth rate is expected to remain stable through the year, with an increase of 4 per cent in the third quarter and 5 per cent in the fourth quarter. For 2018 as a whole, therefore, the overall growth in supply is expected to be 6 per cent.

Output from Norway in the second quarter rose by 8 per cent. The rate of growth is expected to pick up slightly in the second quarter, so that for 2018 as a whole, the volume harvested in Norway is expected to rise by around 8 per cent to 1.31 million tonnes.

Following sharp growth in the first half-year, no growth in output is expected in Chile in the second half. Chilean producer are therefore expected to harvest around 631,600 tonnes in 2018 as a whole, 12 per cent more than in 2017.

The volume harvested in the UK in the first half-year decreased by almost 20 per cent. The volume is expected to fall by 11 per cent in the third quarter, with a 5 per cent rise anticipated in the fourth quarter. For 2018 as a whole, output from UK producers is expected to decrease by 10 per cent to 157,000 tonnes.

Developments in North America are expected to hold steady through the year, with an increase in output in the second half of around 2 per cent. For the year as a whole, output is expected to grow by 3 per cent to 166,400 tonnes.

In the Faeroes, total output is expected to reach around 69,000 tonnes in 2018 as a whole, down 14 per cent on 2017.

Output from the remaining regions is estimated to total 102,600 tonnes in 2018 as a whole, unchanged from the year before.

Fish Pool forward prices as at 8 August indicate that the price of salmon will average NOK 57.00 per kg in September and NOK 58.60 per kg in October.

Forward prices for the third and fourth quarters indicate a level of NOK 55.79 per kg and NOK 62,00 per kg respectively. Fish Pool's forward price for the second half of 2018 as a whole is NOK 58.90 per kg.

Company

SalMar remains committed to its overall goal of growth and reduced costs.

SalMar will continue its ongoing programme of investments in facility maintenance/upgrades, and expects to invest around NOK 356 million in 2018.

So far, SalMar has invested around NOK 700 million in its Ocean Farm offshore fish farm concept. The project is now undergoing a 12-month pilot operation phase to test the concept. The company continues to experience good biological results at the Ocean Farm facility, with strong growth and low mortality. The first fish stocks are expected to be harvested in the second half of 2018.

To further develop offshore fish farming, on the salmon's terms, SalMar has acquired 51 per cent of the shares in MariCulture AS. At the same time, it entered into a collaboration with today's owner to develop offshore fish farms capable of operating in the open sea. The company has applied for 16 development licences to develop the "Smart Fish Farm" concept. SalMar ASA was therefore extremely pleased to receive the Norwegian Directory of Fisheries' letter of 8 June 2018 notifying it that the "Smart Fish Farm" concept falls within the scope of the development licence scheme.

For SalMar, which owns 51 per cent of the company's shares, the award of development licences will represent a major step towards realising its offshore fish farming strategy. The planned deepwater fish farm will make it

possible to establish fish farming operations in the open sea, and will help to resolve some of the important space and environmental challenges that the industry is facing.

SalMar is constantly working to research and develop new concepts that will help to secure continued sustainable growth going forward.

Compared with previous years, the lice situation in Central Norway is improving. Over time, SalMar has invested heavily in the competence and capacity needed to produce larger smolt in order to reduce production time at the sea farms. It has also invested in the use of cleaner fish to combat lice, wellboats and mechanical delousing equipment to secure sufficient delousing capacity and, if necessary, perform sanitary harvesting.

At the start of the third quarter, however, SalMar is experiencing a slight increase in lice numbers at its sea farms and is therefore monitoring the situation closely.

As at mid-August, the contract rate for the third quarter 2018 is approx. 35 per cent. For the remaining volume in 2018 as a whole, the contract rate is 35 per cent. The average price and volume of the contract portfolio is relatively stable throughout 2018. Overall for 2018, the average price of the contract portfolio is less than the level of Fish Pool's forward prices.

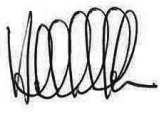
SalMar expects to harvest 143,000 tonnes in 2018. Costs in the third quarter are expected to be slightly lower than in the second quarter 2018.

STATEMENT FROM 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 2018 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.

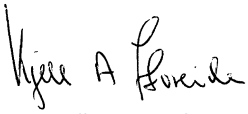
The Board of Directors and CEO of SalMar ASA
Frøya, 22 August 2018



Atle Eide
Chair



Helge Moen
Director



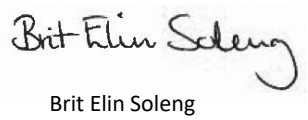
Kjell A. Storeide
Vice-Chair



Margrethe Hauge
Director



Geir Berg
Employee representative



Brit Elin Soleng
Employee representative



Trine L. Danielsen
Director



Olav-Andreas Ervik
CEO

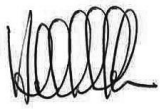
INCOME STATEMENT

NOK million	2Q 2018	2Q 2017	YTD 2018	YTD 2017	FY 2017
Operating income	**2 944,0**	**2 929,9**	**5 475,0**	**5 360,0**	**10 817,2**
Cost of goods sold	1 270,8	1 223,4	2 324,0	2 303,6	4 722,5
Payroll expenses	265,2	238,2	505,0	468,3	929,1
Other operating expenses	408,0	384,1	816,5	739,0	1 584,8
EBITDA	1 000,0	1 084,3	1 829,4	1 849,1	3 580,8
Depreciations and write-downs	121,4	101,3	242,7	195,5	418,6
Operational EBIT	**878,6**	**983,0**	**1 586,8**	**1 653,7**	**3 162,2**
Fair value adjustment	25,5	-286,8	177,1	-469,0	-370,0
Operational profit	**904,1**	**696,1**	**1 763,9**	**1 184,7**	**2 792,2**
Income from investments in associates	78,8	74,9	136,3	157,1	208,9
Net interest costs	-25,1	-20,3	-48,1	-44,8	-95,9
Other financial items	9,8	-33,1	28,9	-30,8	-49,1
Profit before tax	**967,6**	**717,6**	**1 881,0**	**1 266,2**	**2 856,2**
Tax	204,6	154,0	396,4	259,4	558,4
Net profit for the period	**763,0**	**563,6**	**1 484,6**	**1 006,8**	**2 297,8**
Items to be reclassified to profit and loss in subsequent periods:					
Change in translation diff. associates	-24,2	21,3	-43,6	22,8	41,7
Change in translation diff. subsidaries	-3,4	0,4	-3,2	1,4	-0,3
Cash flow hedge, net tax	-	-6,9	-	-9,4	-11,5
Change in fair value of currency instruments	4,0	-	0,4	-	3,9
Total comprehensive income	**739,5**	**578,4**	**1 438,3**	**1 021,6**	**2 331,6**
Allocation of the periods net profit:					
Non-controlling interests	-2,4	4,1	5,8	13,2	23,8
Shareholders in SalMar ASA	765,5	559,5	1 478,8	993,6	2 274,0
Earnings per share (NOK)	6,80	4,98	13,14	8,85	20,24
Earnings per share - diluted	6,78	4,97	13,11	8,82	20,18

BALANCE SHEET – GROUP

NOK million	30.06.2018	31.03.2018	31.12.2017	30.06.2017
ASSETS				
Intangible fixed assets	3 383,0	3 011,5	2 925,0	2 929,9
Tangible fixed assets	3 596,0	3 578,0	3 604,8	3 420,7
Financial fixed assets	1 041,8	1 056,9	1 080,9	1 060,3
Total fixed assets	**8 020,8**	**7 646,4**	**7 610,6**	**7 410,9**
Inventory	4 398,6	4 431,3	4 394,6	4 350,4
Accounts receivables	649,8	645,3	501,1	546,6
Other short-term receivables	243,1	250,3	242,9	298,2
Cash and cash equivalents	157,1	489,1	177,1	224,2
Total current assets	**5 448,7**	**5 816,1**	**5 315,6**	**5 419,4**
TOTAL ASSETS	**13 469,4**	**13 462,5**	**12 926,2**	**12 830,3**
EQUITY AND LIABILITIES				
Paid-in equity	577,9	567,1	557,6	551,2
Reserves	6 311,6	7 713,0	7 022,4	5 725,9
Minority interests	87,0	96,3	88,1	87,3
Total equity	**6 976,5**	**8 376,5**	**7 668,1**	**6 364,4**
Provisions for liabilities	1 402,3	1 390,1	1 362,2	1 332,2
Int. bearing long-term liabilities	2 337,5	1 100,1	1 156,0	2 320,3
Total long-term liabilities	**3 739,9**	**2 490,3**	**2 518,2**	**3 652,4**
Int. bearing short-term liabilities	335,6	124,3	243,6	216,1
Other short-term liabilities	2 417,5	2 471,4	2 496,3	2597,4
Total short-term liabilities	**2 753,1**	**2 595,7**	**2 739,9**	**2 813,5**
TOTAL EQUITY AND LIABILITIES	**13 469,4**	**13 462,5**	**12 926,2**	**12 830,3**
Net interest bearing debt	**2 516,0**	**735,3**	**1 222,5**	**2 312,2**
Equity share	**51,8 %**	**62,2 %**	**59,3 %**	**49,6 %**

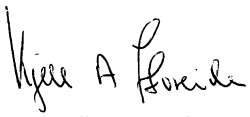
The Board of Directors and CEO of SalMar ASA
Frøya, 22 August 2018



Atle Eide
Chair



Helge Moen
Director



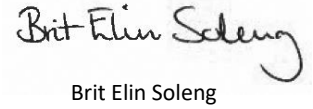
Kjell A. Storeide
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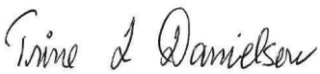
Margrethe Hauge
Director



Geir Berg
Employee representative



Brit Elin Soleng
Employee representative



Trine L. Danielsen
Director



Olav-Andreas Ervik
CEO

CASH FLOW

NOK million	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Profit before tax	967,6	717,6	1 881,0	1 266,2	2 856,2
Tax paid in period	-2,7	-5,7	-14,1	-19,8	-423,2
Depreciation	121,4	101,3	242,7	195,5	418,6
Share of profit/loss from associates	-78,8	-74,9	-136,3	-157,1	-208,9
Gains exit subsidiaries	-	-11,0	-	-11,0	-10,2
Change in fair value adjustments	-25,5	286,8	-177,1	469,0	370,0
Change in working capital	-161,1	73,8	-388,1	38,0	196,6
Other changes	11,8	56,7	56,7	97,3	175,4
Net cash flow from operating activities	832,6	1 144,6	1 464,8	1 877,9	3 374,4
Net cash flow from investing activities	-441,1	-242,4	-559,8	-410,5	-758,0
Change in interest-bearing debt	1 448,2	479,6	1 272,9	-113,4	-1 250,9
Dividend paid out	-2 147,2	-1 356,2	-2 147,2	-1 356,2	-1 366,0
Interest paid	-25,1	-20,3	-48,1	-44,8	-95,9
Other changes	-	-	-	-4,0	-3,8
Net cash flow from financing activities	-724,1	-896,9	-922,3	-1 518,4	-2 716,6
Net change in cash for the period	**-332,6**	**5,3**	**-17,3**	**-51,0**	**-100,2**
Foreign exchange effects	0,6	0,4	-2,7	1,4	3,5
Cash in the beginning of the period	489,1	218,4	177,1	273,7	273,7
Cash at the end of the period	157,1	224,2	157,1	224,2	177,1

CHANGES IN EQUITY

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**	**10,6**	**7 011,8**	**88,1**	**7 668,1**
Net profit for the year						1 478,8	5,8	1 484,6
Comprehensive income					-2,7	-43,6		-46,3
Total comprehensive income for the year	0,0	0,0	0,0	0,0	-2,7	1 435,2	5,8	1 438,3
Transactions with shareholders								
Dividend paid						-2 138,4	-8,8	-2 147,2
Options granted				20,3				20,3
Deffered tax options						0,0		0,0
Redeemed options treasury shares		0,0				0,0		0,0
Other changes						-5,0	1,9	-3,1
Sum transactions with shareholders	0,0	0,0	0,0	20,3	0,0	-2 143,3	-6,9	-2 130,0
Equity as at 30.06.2018	**28,3**	**-0,2**	**415,3**	**134,4**	**7,9**	**6 303,7**	**87,0**	**6 976,5**

2017	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.17	**28,3**	**-0,2**	**415,3**	**85,7**	**7,1**	**6 062,2**	**82,4**	**6 680,8**
Net profit for the year						2 274,0	23,8	2 297,8
Comprehensive income					3,5	30,2		33,8
Total comprehensive income for the year	0,0	0,0	0,0	0,0	3,5	2 304,2	23,8	2 331,6
Transactions with shareholders								
Dividend paid						-1 347,8	-18,2	-1 366,0
Exit non-controlling interests						-4,0		-4,0
Options granted				28,5				28,5
Deferred tax options						-3,0		-3,0
Redeemed options treasury shares		0,1				-0,1		0,0
Other changes						0,2		0,2
Sum transactions with shareholders	0,0	0,1	0,0	28,5	0,0	-1 354,7	-18,2	-1 344,3
Equity as at 31.12.17	**28,3**	**-0,2**	**415,3**	**114,2**	**10,6**	**7 011,8**	**88,1**	**7 668,1**

SEGMENT INFORMATION

	Farming Central-Norway	Farming Northern-Norway	Sales and Processing	Elim.	Group
2Q 2018					
Operating income (NOK mill.)	1 092,4	1 208,5	3 001,9	-2 358,8	2 944,0
Operational EBIT (NOK mill.)	495,5	580,7	-150,1	-47,5	878,6
Operational EBIT %	45,4 %	48,1 %	-5,0 %		29,8 %
Harvested volume (1,000 tgw)	16,7	17,4			34,0
EBIT/ kg gw (NOK)	29,74	33,40			25,80
Q2 2017					
Operating income (NOK mill.)	1 435,6	932,1	2 996,4	-2 434,1	2 929,9
Operational EBIT (NOK mill.)	633,3	492,1	-112,5	-29,9	983,0
Operational EBIT %	44,1 %	52,8 %	-3,8 %		33,5 %
Harvested volume (1,000 tgw)	21,2	13,8			35,0
EBIT/ kg gw (NOK)	29,89	35,73			28,12
YTD 2018					
Operating income (NOK mill.)	2 468,6	1 769,5	5 526,4	-4 289,6	5 475,0
Operational EBIT (NOK mill.)	1 026,1	811,5	-165,3	-85,5	1 586,8
Operational EBIT %	41,6 %	45,9 %	-3,0 %		29,0 %
Harvested volume (1,000 tgw)	38,9	27,0			65,9
EBIT/ kg gw (NOK)	26,35	30,06			24,07
YTD 2017					
Operating income (mill.)	2 478,3	1 613,0	5 394,7	-4 126,0	5 360,0
Operational EBIT (mill.)	1 045,3	854,4	-173,9	-72,2	1 653,7
Operational EBIT %	42,2 %	53,0 %	-3,2 %		30,9 %
Harvested volume (1,000 tgw)	37,4	23,9			61,3
EBIT/ kg gw (NOK)	27,98	35,73			26,99
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

	2Q 2018	2Q 2017	YTD 2018	YTD 2017	FY 2017
Number of shares (diluted) - end of period (mill.)	112,8	112,6	112,8	112,6	112,7
Earnings per share (NOK)	6,80	4,98	13,14	8,85	20,24
Earnings per share - diluted (NOK)	6,78	4,97	13,11	8,82	20,18
EBITDA %	34,0 %	37,0 %	33,4 %	34,5 %	33,1 %
Operational EBIT %	29,8 %	33,5 %	29,0 %	30,9 %	29,2 %
EBIT %	30,7 %	23,8 %	32,2 %	22,1 %	25,8 %
Profit before tax %	32,9 %	24,5 %	34,4 %	23,6 %	26,4 %
Cash flow per share - diluted (NOK)	7,4	10,2	13,0	16,7	29,9
Net interest bearing debt (mill.)	2 516,0	2 312,2	2 516,0	2 312,2	1 222,5
Equity ratio %	51,8 %	49,6 %	51,8 %	49,6 %	59,3 %

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

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.

In this interim report the Group has used the same accounting principles as in the year-end financial statements for 2017. IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers came into force on 1 January 2018. Neither of these standards has had any material impact on the Group. Apart from these, there have been no other changes to accounting standards or interpretations during the period.

Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA AS	59 436 137	52,46 %
FOLKETRYGDFONDET	6 511 316	5,75 %
STATE STREET BANK AND TRUST COMP	2 768 672	2,44 %
STATE STREET BANK AND TRUST COMP	2 293 214	2,02 %
EUROCLEAR BANK S.A./N.V.	1 760 837	1,55 %
LIN AS	1 754 498	1,55 %
STATE STREET BANK AND TRUST COMP	1 259 607	1,11 %
CLEARSTREAM BANKING S.A.	1 235 052	1,09 %
INVESCO FUNDS	1 167 021	1,03 %
JPMORGAN CHASE BANK, N.A., LONDON	1 024 369	0,90 %
JPMORGAN CHASE BANK, N.A., LONDON	881 442	0,78 %
THE NORTHERN TRUST COMP, LONDON BR	787 548	0,70 %
SALMAR ASA	754 922	0,67 %
JPMORGAN CHASE BANK, N.A., LONDON	726 089	0,64 %
STATE STREET BANK AND TRUST COMP	662 586	0,58 %
JPMORGAN CHASE BANK, N.A., LONDON	650 673	0,57 %
J.P. MORGAN BANK LUXEMBOURG S.A.	594 955	0,53 %
JPMORGAN CHASE BANK, N.A., LONDON	573 613	0,51 %
THE BANK OF NEW YORK MELLON SA/NV	572 175	0,51 %
THE BANK OF NEW YORK MELLON SA/NV	559 200	0,49 %
Top 20	**85 973 926**	**75,88 %**
Others	27 326 073	24,12 %
Total	**113 299 999**	**100,00 %**

Note 3 - Inventory and Biological Assets (biomass)

Book value of inventory	30.06.2018	31.03.2018	31.12.2017	30.06.2017
Raw materials	121,2	92,5	121,0	100,3
Biological assets	4 113,3	4 163,2	4 135,5	4 123,1
Finished goods	164,1	175,5	138,1	126,9
Total	4 398,6	4 431,3	4 394,6	4 350,4

Fair value adjustment of biological assets	30.06.2018	31.03.2018	31.12.2017	30.06.2017
Historic cost	2 831,3	2 890,8	3 034,6	2 867,1
Fair value adjustment of the biomass	1 282,0	1 272,5	1 100,9	1 256,0
Book value	4 113,3	4 163,2	4 135,5	4 123,1

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 harvested weight of more than 4 kg is adjusted to its expected net profit/loss. For fish with a harvested 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 set on the basis of the market price of the weight category concerned, corrected for sales costs, including harvesting costs and gutting waste, on the balance sheet date. The market price is adjusted for quality differences. The sales prices used are based on external forward prices for the period in which the fish is 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 2018	2Q 2017	YTD 2018	YTD 2017	FY 2017
Change in fair value of the biomass	9,6	-229,1	181,1	-772,7	-927,8
Change in provisions for onerous contracts	50,0	-58,4	3,4	210,5	407,6
Unrealised change in value of Fish Pool contracts	-8,5	-15,7	-35,9	76,4	143,6
Unrealised changes in the value of currency and forward currency contracts	-25,6	16,4	28,5	16,8	6,6
Fair value adjustments recognised in profit and loss	25,5	-286,8	177,1	-469,0	-370,0

Note 5 - Business combinations

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 well offshore in open seas. 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
Current assets	-	-	-
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**

Business acquisitions in 2017

On 13 February 2017, the Group agreed the acquisition of 100 per cent of the shares in Sunnfjord Rensefisk AS. For accounting purposes, the transaction will be treated as a business transfer. Sunnfjord Rensefisk AS produces a type of cleaner fish (ballan wrasse), and the object of the acquisition is to increase the Group's cleaner fish production capacity. In connection with the transaction, the shareholders' receivable from the company was transferred to SalMar. SalMar paid NOK 8.3 million for the receivable, which was recognised in the accounts in the amount of NOK 25.75 million. The company's shares were transferred free of charge.

The acquisition's effect on the balance sheet:	Book value	Fair value adjustments	Fair value
Deferred tax asset	6,6	0,8	7,4
Fixed assets	1,5	-1,5	0,1
Current assets	7,7	-1,8	5,9
Liquidity	0,2	-	0,2
Liabilities	-31,0	17,5	-13,5
Net identifiable assets and liabilities	**-14,9**	**14,9**	**0,0**
Goodwill			0,0
Cash Consideration			**0,0**

Note 6 - Exit of subsidiaries and non-controlling interests

Changes in non-controlling interests 2017 and 2018

During the period, the Group paid NOK 4.0 million to acquire a further tranche of shares in the subsidiary Ocean Farming AS. The transaction increases the Group's shareholding in the company from 91 per cent to 93.4 per cent.

In the second quarter 2018, SalMar enlarged its shareholding in Ocean Farming AS from 93.4 per cent to 96.3 per cent, an increase of 2.9 per cent. A total of NOK 5.0 million was paid for the share purchase.

Exit of subsidiaries 2017

Villa Smolt AS
With effect from 31 May 2017, the Group has sold 100 per cent of its shares in the subsidiary Villa Smolt AS. The fair value of the consideration, NOK 16.0 million, has been paid in cash. The subsidiary's exit produced a net gain for the Group of NOK 0.5 million, which is classified as an operating revenue in the 2017 financial statements.

SalMar Genetics AS
With effect from 31 May 2017, the Group has reduced its shareholding in the subsidiary SalMar Genetics AS from 100 per cent to 50 per cent. The reduction is a consequence of dilution in SalMar Genetics AS in combined with the sale of shares.

Following the transaction, the Group no longer has a controlling influence over the company. The entire investment is deemed to have been realised and a new cost price, based on the fair value of the investment in the shares, has been set. The fair value of the remaining investment in the company, NOK 25.9 million, is recognised as a financial asset in the balance sheet. The realisation of the subsidiary generated a gain for the Group of NOK 9.7 million, which is classified as an operating revenue in the 2017 financial statements.

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

	Norskott Havbruk	*Arnarlax*	*Others*	*TOTAL*
Opening balance 01.01.2018	746,6	251,5	25,6	1 023,8
Addtions costs	-	66,4	-	66,4
Share of year's profit/loss	152,4	-15,1	-1,0	136,3
Other items in comprehensive income	-29,7	-13,9	-	-43,6
Dividend received	-162,2	-	-	-162,2
Closing balance 30.06.2018	**707,2**	**288,9**	**24,6**	**1 020,7**

2018

During the period, SalMar acquired 36,348 subscription rights in Salmus AS. Taking these subscription rights into account, SalMar now owns 82.3 per cent of the company. Salmus AS indirectly holds 49.07 per cent of the shares in Arnarlax Hf.

2017

The Group reduced its shareholding in SalMar Genetics AS to 50 per cent during in 2017, and no longer has a controlling influence over the company. The Group's 50 per cent shareholding has been recognised in accordance with the equity method, with effect from the date of realisation. See Note 6 for further details.

Note 8 - Other financial items

	2Q 2018	2Q 2017	YTD 2018	YTD 2017	FY 2017
Net interest expenses	-25,1	-20,3	-48,1	-44,8	-95,9
Other net financial items	9,8	-33,1	28,9	-30,8	-49,1
Net financial items	-15,3	-53,4	-19,2	-75,6	-145,0