
Quarterly Report
Third quarter 2014
SalMar
Passion for Salmon

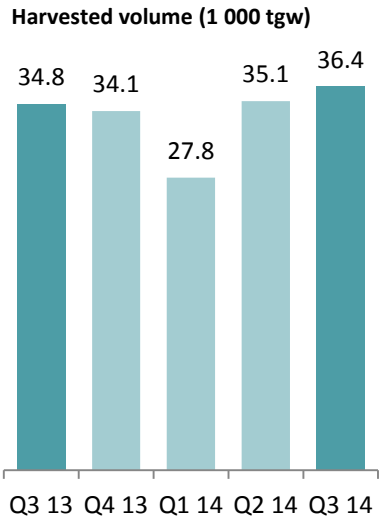
MARGINS SUSTAINED IN FALLING MARKET

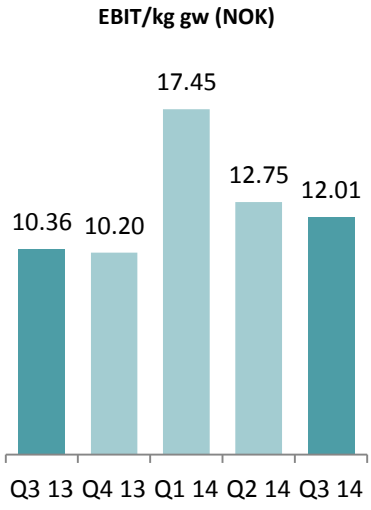
HIGHLIGHTS IN THE THIRD QUARTER 2014

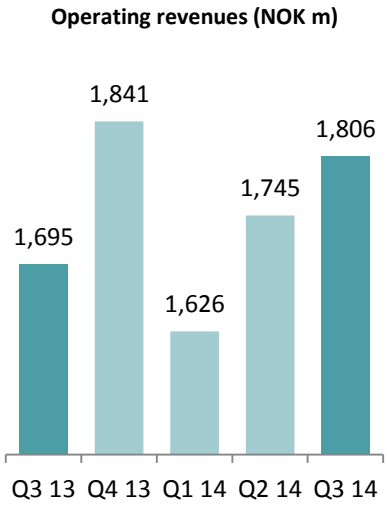
- Satisfactory operating margins despite falling prices through the quarter.
- Record profits for Sales and Processing segment.
- High level of contract sales are the main reason for higher margins for Sales and Processing.
- Costs remain negatively affected by biological challenges.

KEY FIGURES – GROUP

NOK million	Q3 14	Q3 13	9M 2014	9M 2013	2013
Operating revenues	1 806.2	1 695.4	5 177.2	4 404.8	6 245.9
Operational EBIT	437.7	360.4	1 370.3	911.4	1 259.5
Operational EBIT %	24.2%	21.3%	26.5%	20.7%	20.2%
Fair value adjustments	207.2	-94.9	-104.9	57.8	528.2
Profit before tax	618.2	331.7	1 241.3	1 483.8	2 322. 1
EPS	3.97	2.34	7.97	10.38	15.80
NIBD	2 639.5	2 409.6	2 639.5	2 409.6	1 772.4
Equity ratio %	48.8 %	48.8 %	48.8 %	48.8 %	51.0 %
Harvested volume (1000 tgw)	36.4	34.8	99.3	80.8	114.9
EBIT/kg gw (NOK)	12.01	10.36	13.80	11.28	10.96







FINANCIAL PERFORMANCE IN THE THIRD QUARTER

Revenues and results in the third quarter 2014

The SalMar Group harvested around 36,400 tonnes of fish in the third quarter 2014, 1,300 tonnes more than in the previous quarter, and 1,600 tonnes more than in the third quarter 2013.

In addition, a total of 8,100 tonnes of salmon was harvested by Norskott Havbruk (Scottish Sea Farms). This is 1,500 tonnes more than in the second quarter 2014, but 400 tonnes less than in the corresponding quarter in 2013. SalMar owns 50 per cent of Norskott Havbruk.

Despite a slight upturn at the start of the quarter, the slide in prices from the second quarter continued through the period. At the close of the third quarter the price of salmon (NASDAQ Salmon Index) stood at NOK 33.23 per kg. The average price of salmon (NASDAQ Salmon Index) for the period came to NOK 35.29 per kg, down NOK 5.00 per kg from the second quarter, and down NOK 3.58 per kg compared with the corresponding period last year.

The Group generated gross operating revenues of NOK 1,806.2 million in the third quarter 2014, compared with NOK 1,744.8 million in the previous quarter, and NOK 1,695.4 million in the third quarter 2013.

The Group made an Operational EBIT of NOK 437.7 million during the period, down slightly from NOK 447.4 million in the second quarter, but up from NOK 360.4 million in the third quarter last year.

For the Group as a whole, this gives an Operational EBIT per kg of NOK 12.01, compared with NOK 12.75 in the previous quarter, and NOK 10.36 in the corresponding quarter 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 boosted operating profit by NOK 207.2 million in the quarter. This stems largely from a change in the value of the biomass, which increased by NOK 137.3 million during the period.

The remaining fair value adjustments relate to a NOK 47.0 million change in the value of unrealised forward currency contracts, and a NOK 12.3 million change in the value of unrealised Fish Pool contracts. Profit for the third quarter 2013 was negatively affected by fair value adjustments totalling NOK 94.9 million. See Note 4 – Fair value adjustments – for further details.

Operating profit for the third quarter 2014 came to NOK 644.9 million, compared with NOK 265.5 million in the third quarter 2013.

The Group's share of the profit from associates totalled NOK 10.4 million during the period. This figure derives in its entirety from Norskott Havbruk. The contribution made by associates in the third quarter 2013 totalled NOK 30.5 million.

Other financial items in the quarter were negative in the amount of NOK 37.0 million. The bulk of this derives from net interest expenses. In the same period last year net other financial items were positive in the amount of NOK 35.7 million, with increases in the value of financial assets accounting for NOK 69.5 million. Net interest expenses in the third quarter 2013 came to NOK 35.1 million.

A tax expense of NOK 164.2 million has been estimated for the quarter, compared with NOK 65.7 million in the corresponding period last year.

The Group therefore made a net profit of NOK 454.1 million in the third quarter 2014, compared with NOK 266.0 million in the third quarter 2013.

Revenues and results in the year to date

The Group generated gross operating revenues of NOK 5,177.2 million in the first nine months of the year, up from NOK 4,404.8 million in the corresponding period in 2013.

Excluding Norskott Havbruk, the Group harvested 99,300 tonnes of salmon in the first nine months of the year, up from 80,800 tonnes in the corresponding period last year. This is an increase of 23 per cent and is largely attributable to volume growth in SalMar Northern Norway. This also includes additional volumes from Villa Organic, which was consolidated into the segment in the third quarter.

The price of salmon (NASDAQ Salmon Index) in the first nine months of the year averaged NOK 41.05 per kg, compared with NOK 39.09 per kg in the same period in 2013.

Operational EBIT for the first nine months of the year totalled NOK 1,370.3 million, compared with NOK 911.4 million in the same period last year. The increase is largely related to higher harvested volumes and higher salmon prices.

Fair value adjustments reduced profits by NOK 104.9 million in the period, such that operating profit for the first nine months of the year came to NOK 1,265.4 million, compared with NOK 1,166.7 million in the corresponding period last year.

Last year's result was boosted by fair value adjustments totalling NOK 57.8 million. In addition, gains relating to acquisitions were recognised in the amount of NOK 197.5 million.

The Group's share of the profit from associates totalled NOK 65.0 million during the period, compared with NOK 124.6 million in the corresponding period last year. The figure for 2013 includes the contribution deriving from the Group's shareholding in Bakkafrost. Net other financial items were negative in the amount of NOK 89.2 million, such that profit before tax in the first nine months of 2014

came to 1,241.3 million. In the corresponding period last year net other financial items were positive in the amount of NOK 192.5 million, while profit before tax totalled NOK 1,483.8 million.

The tax expense for the period is estimated at NOK 316.0 million, compared with NOK 241.3 million in the corresponding period last year.

Net profit for the first nine months of 2014 totalled NOK 925.3 million, compared with NOK 1,242.5 million in the same period in 2013.

Cash flow

The SalMar Group had a negative cash flow from operating activities of NOK 27.4 million in the third quarter 2014. The difference from profit before tax, which totalled NOK 618.2 million, may be attributed primarily to a NOK 528.2 million increase in working capital, as well as negative fair value adjustments amounting to NOK 207.2 million. The change in working capital relates to a NOK 270.0 million increase in inventory, a NOK 294.3 million increase in trade receivables, as well as a NOK 18.9 million reduction in trade payables and other current liabilities during the period.

Net cash flow from investing activities was negative in the amount of NOK 178.9 million during the period. This is largely attributable to investments in property, plant and equipment as well as payment for one green operating license.

The Group's net cash flow from financing activities was positive in the amount of NOK 38.0 million during the period, following an increase in interest-bearing debt of NOK 215.3 million. During the quarter net interest totalling NOK 36.3 million was paid, while payments totalling NOK 140.9 million were made in connection with the exit of subsidiaries and non-controlling interests. See Note 8 for further details.

SalMar's net cash flow for the period was therefore negative in the amount of NOK 168.3 million. As a result, the Group's total holdings of cash and cash equivalents at the close of the quarter stood at NOK 199.7 million.

Financial position

As at 30 September 2014, SalMar's balance sheet totalled NOK 9,794.6 million, up from NOK 9,451.6 million at the close of the second quarter 2014, but down from NOK 9,931.6 million at the close of 2013.

The splitting up of Villa Organic was completed with effect for accounting purposes from 1 July 2014. This has affected all lines in the balance sheet, and has reduced the balance sheet total by an overall NOK 508.1 million. See Note 8 for further details.

As at 30 September 2014 the Group had recognised intangible assets worth NOK 2,819.4 million. During the quarter the last of a total of eight green licences was acquired for the sum of NOK 62 million. The splitting up of Villa Organic involved the transfer of a total of eight production licences to Lerøy. The book value of these licences was NOK 151.7 million.

The book value of the Group's property, plant and equipment fell by NOK 54.3 million to NOK 1,985.1 million during the third quarter 2014. This may be explained by a NOK 106.1 million reduction resulting from the splitting up of Villa Organic, as well as an increase deriving from investments over and above depreciation of NOK 51.8 million.

As at 30 September 2014 the Group had current assets totalling NOK 4,504.8 million, an increase of NOK 461.4 million compared with three months earlier. The change is attributable primarily to a NOK 327.2 million increase in inventory as a result of a larger biomass and a higher designated fair value. Measured quantitatively, the biomass was 14.2 per cent larger than at the close of the previous quarter. The level of receivables rose by NOK 302.8 million during the quarter, while cash holdings fell by NOK 168.5 million.

At the close of the period the Group's total equity came to NOK 4,781.5 million, which corresponds to an equity ratio of 48.8 per cent. See the Statement of Changes in Equity for further details.

At the close of the quarter total interest-bearing debt totalled NOK 2,839.2 million. Of this amount, long-term debt to credit institutions accounted for NOK 1,737.0 million, ordinary leasing liabilities accounted for NOK 103.0 million, while leasing liabilities relating to InnovaMar accounted for NOK 313.8 million.

Short-term interest-bearing debt comprises the first year's instalment on long-term interest-bearing debt in the amount of NOK 202.1 million, and a short-term overdraft of NOK 483.2 million.

Corrected for cash holdings, this gave the Group a net long-term interest-bearing debt of NOK 2,639.5 million as at 30 September 2014, an increase of NOK 342.0 million compared with three months before.

OPERATIONAL PERFORMANCE IN THE THIRD QUARTER 2014

Fish farming – SalMar Central Norway

NOK million	Q3 14	Q3 13	2013
Operating revenues	910	848	2 702
Operational EBIT	257	291	924
Operational EBIT%	28%	34%	34%
Harvested volume (1 000 tgw)	25.9	22.4	70.2
EBIT/kg gw (NOK)	9.94	12.98	13.17

SalMar Central Norway harvested a total of 25,900 tonnes of salmon in the third quarter 2014, compared with 22,400 tonnes in the corresponding period the year before. To some extent, however, the high volume of fish harvested was offset by slightly lower prices. Operating revenues in the third quarter 2014 therefore totalled NOK 909.6 million, up from NOK 848.4 million in the same quarter last year.

The harvested volume was relatively evenly distributed through the quarter, but with a slightly higher proportion being harvested in July. With falling prices through the quarter, this made a positive contribution to the average price achieved.

Profit-sharing associated with jointly operated licences reduced the segment's operating profit by NOK 0.30 per kg.

Operating profit per kg gutted weight totalled NOK 9.94 during the quarter, down from NOK 12.98 per kg in the third quarter 2013. Compared with the previous quarter, EBIT per kg was NOK 4.36 lower. During the same period, however, prices fell by NOK 5.00 per kg.

SalMar Central Norway continues to experience biological challenges relating to salmon lice and PD. Costs associated with these issues rose during the period, partly in connection with fewer feeding days, which in turn affected weight gain.

The harvesting of fish released into the sea in the autumn of 2013 got underway towards the end of the quarter. However, challenges relating to sites' MAB resulted in a lower average weight and higher cost.

Falling sea temperatures in the coming months may help to reduce salmon lice numbers.

The company still expects this segment to harvest around 73,000 tonnes of salmon in 2014 as a whole.

Fish farming – SalMar Northern Norway

NOK million	Q3 14	Q3 13	2013
Operating revenues	267	289	913
Operational EBIT	55	91	320
Operational EBIT%	21%	32%	35 %
Harvested volume (1 000 tgw)	8.2	8.0	23.8
EBIT/kg gw (NOK)	6.71	11.46	13.45

With effect from the third quarter 2014 SalMars share of Villa Organic has been consolidated into SalMar Northern Norway. See Note 8 for further details. The segment harvested around 8,200 tonnes of salmon during the period, compared with 8,000 tonnes in the same period in 2013. In the third quarter 2014, 263 tonnes derived from the facility in Finnmark that SalMar operates jointly with Lerøy, and which previously belonged to Villa Organic. The cost of this volume is higher than in the rest of the segment. Increased volumes in coming quarters may have a negative impact on the segment's level of costs.

Gross operating revenues in the period totalled NOK 266.9 million, down from NOK 289.3 million in the corresponding period last year. Lower realised prices explain the fall in operating revenues.

In the third quarter 2014 SalMar Northern Norway had a quantity of mature fish at one site, which negatively affected the prices realised. 50 per cent of the volume was also harvested in September, when prices were at their lowest in the period.

Operating profit per kg totalled NOK 6.71 in the quarter, down from NOK 11.46 per kg in the corresponding period last year. Compared with the second quarter this year, EBIT per kg was NOK 3.90 lower, which is less than the general price development would indicate. Given the high proportion of mature fish and the unfavourable harvesting profile, this confirms that underlying operations are improving, and that production costs were lower than in the previous quarter.

The segment's biological situation is still regarded as good. The challenges posed by salmon lice are not as severe as in central Norway, and the company considers the situation to be under control. Marine-phase fish stocks developed well during the period, a trend that is expected to continue in the time ahead.

The company still expects this segment to harvest around 35,000 tonnes of salmon in 2014 as a whole.

Fish farming – Rauma

NOK million	Q3 14	Q3 13	2013
Operating revenues	121	124	595
Operational EBIT	29	17	162
Operational EBIT%	24%	13%	27%
Harvested volume (1 000 tgw)	2.4	3.3	14.9
EBIT/kggw (NOK)	12.09	5.05	10.88

The Rauma segment harvested around 2,400 tonnes of fish in the third quarter 2014, some 900 tonnes less than in the corresponding period last year.

Organic salmon accounted for almost 75 per cent of the total volume harvested. The price of organic salmon is less volatile than the price of conventional salmon, which contributed positively in a quarter when prices were falling.

Furthermore, the distribution of the volumes harvested during the period was favourable, with around 50 per cent being harvested in the first month of the quarter.

As a result, gross operating revenues totalled NOK 121.3 million in the period, down just NOK 2.9 million from the NOK 124.2 million generated in the corresponding period last year.

However, the Rauma segment's overall biological situation remains challenging, and led to higher costs.

There is still a high level of PD infection in the region, which affects the fishes' appetite and growth. This, in turn, led to higher production costs in the third quarter.

Operating profit per kg gutted weight came to NOK 12.09 in the period, up from NOK 5.05 per kg in the third quarter last year, but down from NOK 15.47 per kg in the previous quarter.

SalMar expects the Rauma segment to harvest 17,000 tonnes in 2014 as a whole.

Sales and Processing

NOK million	Q3 14	Q3 13	2013
Operating revenues	1 819	1 620	6 047
Operational EBIT	104	-29	-161
Operational EBIT%	6%	-2%	-3 %

The Sales and Processing segment generated gross operating revenues of NOK 1,819.1 million in the third quarter 2014, up from NOK 1,619.5 million in the corresponding period last year. The segment sells the Group's entire harvested volume, with the exception of that deriving from joint operations with Lerøy in Finnmark, where a total of 263 tonnes was harvested in the third quarter.

The segment made an operating profit of NOK 104.1 million in the third quarter 2014, compared with an operating loss of NOK 28.9 million in the third quarter 2013, and a profit of NOK 12.0 million in the second quarter this year.

The sharp rise in profits is attributable primarily to favourable contract sales. 60 per cent of the Group's total volume was sold under fixed-price contracts entered into in previous periods, and falling spot prices through the quarter have had a positive impact on profits. However, the company expects prices to rise from today's levels. The contracts are therefore expected to be less favourable in the time ahead.

Exclusion from the Russian market has been a challenge, but these sales volumes have been replaced during the period in new and existing markets. In addition, the generally shrewd sale of volumes at spot prices has contributed to better margins for the segment.

The harvesting business improved its operations in comparison with previous quarters. Improved logistics and the smooth flow of goods contributed to stable operations and more optimal capacity utilisation, which in turn helps to reduce fixed costs per kg gutted fish. A total of 38,500 tonnes was harvested during the quarter, 9,500 tonnes more than in the previous quarter. 11,400 tonnes of third-party fish were harvested in the period.

In the third quarter processing activities continued to be negatively affected by the market situation, with prices in excess of NOK 40 per kg at the start of the period. However, favourable price developments through the quarter improved the competitive situation somewhat.

Eliminations

With effect from the fourth quarter 2013 research and development (R&D) costs have been included under eliminations in the segment reports. Out of the quarter's total harvested volume of 36,400 tonnes, R&D costs accounted for NOK 0.25 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 posted to financial income. The figures in the table below reflect the company's overall performance.

NOK million	Q3 14	Q3 13	2013
Operating revenues	373	373	1 189
Operational EBIT	48	81	221
Operational EBIT%	13%	22%	19%
Fair value adjustment of the biomass	-25	-2	57
Profit before tax	24	75	267
SalMar's share after tax	10	29	101
Harvested volume (1 000 tgw)	8.1	8.5	26.9
EBIT/kg gw (NOK)	5.92	9.47	8.23

Norskott Havbruk generated gross operating revenues of NOK 372.9 million in the third quarter 2014, up from NOK 332.2 million in the second quarter this year, and unchanged from NOK 372.7 million in the third quarter 2013.

Norskott harvested a total of 8,100 tonnes of fish during the quarter, an increase of 1,500 tonnes on the previous quarter, but a decrease of around 400 tonnes compared with the corresponding period last year. SalMar's share of the volume harvested came to 4,050 tonnes.

41 per cent of the company's volume was sold under contract.

Operating profit per kg gutted weight totalled NOK 5.92 in the third quarter 2014, down from NOK 10.18 in the previous quarter and from NOK 9.47 in the third quarter last year.

The company expects to harvest around 27,000 tonnes in 2014 as a whole, and 31,000 tonnes in 2015.

Russia

SalMar exported around 8 per cent of its total volume to Russia in the first half of 2014. Following the introduction of trade restrictions, this volume had to be channelled into

other markets. Throughout the third quarter SalMar has replaced these volumes in new and existing markets.

Events after the balance sheet date

There have been no significant events after the balance sheet date 30 September 2014.

Markets

Volume

The global supply of Atlantic salmon totalled around 566,600 tonnes in the third quarter 2014, 12 per cent more than in the third quarter 2013. Growth was achieved in all regions, with the exception of the UK, whose output fell by 1 per cent compared with the year before.

Output in Norway and North America rose by 7 per cent in the period to 307,300 tonnes and 35,300 tonnes respectively.

Chile continued the strong growth it has achieved in recent quarters. Output totalled 143,500 tonnes in the quarter, up 29 per cent on the same period last year. Total output from Faroe Island producers rose by 14 per cent to 19,500 tonnes in the period.

Norway exported approx. 295,900 tonnes round weight of Atlantic salmon in the quarter, up around 24,000 tonnes or 9 per cent on the third quarter 2013. The overall value of Norwegian salmon exports in the quarter came to NOK 10.3 billion, around NOK 600 million more than the NOK 9.8 billion achieved in the corresponding period last year.

Exports of Norwegian salmon to the EU totalled 214,200 tonnes in the period, a 14 per cent increase compared with the corresponding period in 2013. However, developments in the main markets vary.

Obviously, the most dramatic change relates to developments in Russia, where trade restrictions have slashed imports of salmon from Norway by 58 per cent compared with the third quarter last year.

Developments in Poland, on the other hand, remain positive, with exports from Norway rising to 39,200 tonnes, an increase of 15 per cent compared with the same period last year. Poland thereby strengthens its position as the largest single market for Norwegian salmon.

For exports of Norwegian salmon to the French market the negative trend seen in recent quarters continued. A total of 33,900 tonnes was exported to France in the third quarter, down 6 per cent on the same period last year.

Despite this, developments in the other European markets during the period were good. Exports to Denmark rose by 11 per cent to 22,500 tonnes, while exports to the UK rose by 7 per cent to 15,200 tonnes. In Spain the strong growth experienced in the previous quarter continued. A total of 15,500 tonnes of salmon was exported to Spain in the third quarter, a 32 per cent increase compared with the corresponding period last year.

During the period a total of 11,700 tonnes was exported to Asian markets. This is 11 per cent less than in the third quarter 2013.

Prices and exchange rates

Despite a slight upturn at the start of the period, the slide in prices seen during the first half-year continued in the third quarter. At the close of the period the price of salmon (NASDAQ Salmon Index) stood at NOK 33.23 per kg.

The price of salmon (NASDAQ Salmon Index) averaged NOK 35.29 per kg in the third quarter 2014, down NOK 5.00 per kg from the second quarter, and down NOK 3.58 per kg from the corresponding quarter last year.

The NOK exchange rate weakened during the period. Since the close of the previous quarter the NOK has weakened against the EUR by 0.8 per cent, against the USD by 4.3 per cent and against the GBP by 3.5 per cent

Compared with the third quarter last year the NOK has weakened by 4.3 per cent, 4.3 per cent and 12.2 per cent respectively against the same currencies.

Any weakening of the exchange rate between the NOK and the respective trading currencies may lead to a rise in salmon prices measured in NOK, and vice versa.

Biomass

As at 30 September 2014 Norway had a standing biomass of 708,700 tonnes round weight, 2 per cent more than at the same point the year before, when the biomass totalled 694,500 tonnes round weight. At the close of the second quarter 2014 the total Norwegian biomass came to 601,600 tonnes round weight.

At the close of the quarter the biomass in the UK totalled 86,000 tonnes, 1 per cent more than at the same point the year before, while Chile had a biomass of 302,000 tonnes, up 2 per cent. The total biomass in the Faroe Islands at the close of the quarter was estimated at 45,200 tonnes, up 5 per cent from a year before.

Shares and shareholders

Shares

At the close of September 2014 SalMar had a total of 113,299,999 shares outstanding, divided between 2,900 shareholders.

The company's major shareholder, Kverva AS, owns 53.4 per cent of the shares. The 20 largest shareholders own a total of 75.52 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 September 2014.

During the third quarter SalMar's share price fluctuated between NOK 104.50 and NOK 123.50. The share price at the close of the quarter was NOK 113.50. The share price at the close of the previous quarter was NOK 107.00.

Material transactions with related parties

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

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

Outlook

The global supply of Atlantic salmon rose by around 12 per cent in the third quarter 2014. However, the growth rate is expected to fall sharply in the final quarter of the year. As a result, it is estimated that the overall growth in supply for 2014 will be around 8 per cent. Forecasts indicate the likelihood of continued low growth in 2015. For the year as a whole the global supply of Atlantic salmon is not expected to exceed 3 per cent.

At 307,300 tonnes, output in Norway was 7 per cent higher in the third quarter 2014 than in the same period last year. The authorities' temporary 6 per cent increase in MAB will probably result in lower output growth for 2014 as a whole than previously outlined. Output in the fourth quarter is expected to fall by 4 per cent compared with the corresponding period the year before. The low growth rate is expected to continue on into 2015, with output of Atlantic salmon in Norway growing by around 5 per cent in the year as a whole.

Output growth in Chile remains strong. In the third quarter output from the region was 29 per cent higher than the year before. However, a sharp fall in the growth rate is anticipated, with output in the fourth quarter expected to be no more than 5 per cent higher than in the corresponding period last year. This negative trend is expected to continue on into 2015, with output of Atlantic salmon from Chilean producers expected to contract by 5 per cent in 2015 as a whole.

Only minor changes in output, measured in tonnes, are expected in the other regions.

Fish Pool forward prices at mid-November indicate an average salmon price for November of NOK 38.75 per kg. Forward prices for the first and second quarters of 2015 indicate prices of NOK 45.20 and NOK 44.80 per kg respectively. Fish Pool's forward price for 2015 as a whole is set at NOK 42.70 per kg.

SalMar still considers the biological situation to be challenging. This may affect costs, fish growth and harvesting plans in coming quarters.

Contract coverage in the coming quarter is expected to be around 60 per cent.

Higher prices for fishmeal and fish oil may provide higher feed price in coming periods.

SalMar plans to harvest around 137 000 tonnes in 2015. A further 15,500 tonnes will come from SalMar's share of Norskott's output.

INCOME STATEMENT

NOK million	3Q 14	3Q 13	YTD 2014	YTD 13	FY 2013
Operating income	**1 806,2**	**1 695,4**	**5 177,2**	**4 404,8**	**6 245,9**
Cost of goods sold	843,3	823,3	2 249,0	2 112,2	3 051,2
Payroll expenses	157,1	165,5	516,0	436,6	623,1
Other operating expenses	304,3	288,5	843,6	791,4	1 086,3
EBITDA	501,5	418,1	1 568,7	1 064,6	1 485,3
Depreciations	63,8	57,7	198,4	153,2	225,8
Operational EBIT	**437,7**	**360,4**	**1 370,3**	**911,4**	**1 259,5**
Fair value adjustment	207,2	-94,9	-104,9	57,8	528,2
Particular biological events					
Non-recurring gains on aquisition	-	-	-	197,5	161,8
Operational profit	**644,9**	**265,5**	**1 265,4**	**1 166,7**	**1 949,4**
Income from investments in associates	10,4	30,5	65,0	124,6	158,0
Other financial items	-37,0	35,7	-89,2	192,5	214,7
Profit before tax	**618,2**	**331,7**	**1 241,3**	**1 483,8**	**2 322,1**
Tax	164,2	65,7	316,0	241,3	418,7
Net profit for the period	**454,1**	**266,0**	**925,3**	**1 242,5**	**1 903,4**
Items to be reclassified to profit and loss in subsequent periods:					
Change in translation diff. associates, net tax	1,3	16,9	16,4	61,4	73,4
Change in translation diff. Subsidaries, net tax	0,0	0,1	-	-0,2	-0,2
Change in fair value of currency instruments	-0,2	-	-0,3	-	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	**455,2**	**282,9**	**941,5**	**1 303,7**	**1 978,0**
Non-controlling interests share of result	4,3	1,1	22,1	66,5	113,3
Controlling interests share of result	449,8	264,9	903,2	1 176,0	1 790,0
Earnings per share (NOK)	3,97	2,34	7,97	10,38	15,80
Earnings per share - diluted	3,97	2,34	7,97	10,38	15,80

BALANCE SHEET - GROUP

NOK million	30.09.2014	30.06.2014	31.12.2013	30.09.2013
ASSETS				
Intangible fixed assets	2 819,4	2 906,3	2 464,1	2 448,3
Tangible fixed assets	1 985,1	2 039,4	1 859,3	1 512,8
Financial fixed assets	485,4	462,5	408,8	1 016,4
Total fixed assets	**5 289,8**	**5 408,2**	**4 732,2**	**4 977,5**
Inventory	3 239,5	2 912,3	3 248,7	2 774,8
Accounts receivables	703,4	532,6	662,1	738,7
Other short-term receivables	362,3	230,3	217,6	160,8
Cash and cash equivalents	199,7	368,2	1 071,0	345,8
Total current assets	**4 504,8**	**4 043,3**	**5 199,4**	**4 020,2**
TOTAL ASSETS	**9 794,6**	**9 451,6**	**9 931,6**	**8 997,7**
EQUITY AND LIABILITIES				
Paid-in equity	476,6	476,6	476,6	493,8
Reserves	4 270,6	3 826,2	4 246,4	3 601,2
Minority interests	34,3	355,6	337,8	291,5
Total equity	**4 781,5**	**4 658,3**	**5 060,8**	**4 386,5**
Provisions for liabilities	1 465,0	1 342,1	1 199,6	1 058,0
Int. bearing long-term liabilities	2 153,8	2 310,0	2 446,2	2 128,0
Total long-term liabilities	**3 618,8**	**3 652,1**	**3 645,8**	**3 186,1**
Int. bearing short-term liabilities	685,4	355,8	397,2	627,4
Other short-term liabilities	708,9	785,3	827,8	797,7
Total short-term liabilities	**1 394,3**	**1 141,2**	**1 225,0**	**1 425,1**
TOTAL EQUITY AND LIABILITIES	**9 794,6**	**9 451,6**	**9 931,6**	**8 997,7**
Net interest bearing debt	**2 639,5**	**2 297,6**	**1 772,4**	**2 409,6**
Equity share	**48,8 %**	**49,3 %**	**51,0 %**	**48,8 %**

CASH FLOW

NOK million	3Q 14	3Q 13	YTD 2014	YTD 13	FY 2013
Profit before tax	618,2	331,7	1 241,3	1 483,8	2 322,1
Tax paid in period	-	-	-2,0	-2,3	-6,5
Depreciation	63,8	57,7	198,4	153,2	225,8
Share of profit/loss from associates	-10,4	-30,5	-65,0	-124,6	-158,0
Realized and unrealized gains on financial assets	-	-69,1	-	-282,3	-341,8
Non-recurring gains on acquisitions	-	-	-	-197,5	-161,8
Change in fair value adjustments	-207,2	94,9	104,9	-57,8	-528,2
Change in working capital	-528,2	-467,6	-426,7	-438,1	-417,6
Other changes	36,3	39,5	91,7	125,6	172,0
Net cash flow from operating activities	-27,4	-43,3	1 142,6	660,0	1 106,0
Net cash flow from investing activities	-178,9	-197,0	-903,0	88,9	698,7
Change in interest-bearing debt	215,3	236,2	25,9	-262,3	-540,8
Dividend paid out	-	-0,1	-896,0	-	-0,1
Exit of non-controlling interests and subsidiaries	-140,9	-	-140,9	-69,7	-70,4
Interest paid	-36,3	-35,1	-88,3	-120,0	-158,1
Other changes	-0,0	-2,8	-11,4	-6,3	-20,6
Net cash flow from financing activities	38,0	198,2	-1 110,7	-458,2	-790,0
Net change in cash for the period	**-168,3**	**-42,2**	**-871,1**	**290,6**	**1 014,6**
Foreign exchange effects	-0,2	0,1	-0,3	-0,2	1,1
Cash in the beginning of the period	368,2	388,0	1 071,0	55,3	55,3
Cash at the end of the period	**199,7**	**345,8**	**199,7**	**345,8**	**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						903,2	22,1	925,3
Comprehensive income					-0,3	16,4	0,0	16,2
Total comprehensive income for the yea	0,0	0,0	0,0	0,0	-0,3	919,7	22,1	941,5
Transactions with shareholders								
Dividend paid						-896,0		-896,0
Exit of non-controlling interests						-6,4	-325,6	-332,0
Other changes						7,3		7,3
Sum transactions with shareholders	0,0	0,0	0,0	0,0	0,0	-895,1	-325,6	-1 220,7
Equity as at 30.09.14	**28,3**	**-0,3**	**415,3**	**32,8**	**0,9**	**4 270,2**	**34,3**	**4 781,5**

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 31.12.13	**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
3Q 14							
Operating income (mill.)	909,6	266,9	121,3		1 819,1	-1 310,7	1 806,2
Operational EBIT (mill.)	257,2	54,8	28,9		104,1	-7,4	437,7
Operational EBIT %	28,3 %	20,5 %	23,9 %		5,7 %		24,2 %
Harvested volume (1,000 tgw)	25,9	8,2	2,4				36,4
EBIT/ kg gw (NOK)	9,94	6,71	12,09				12,01
3Q 13							
Operating income (mill.)	848,4	289,3	124,2	82,4	1 619,5	-1 268,5	1 695,4
Operational EBIT (mill.)	291,3	91,2	16,5	-6,0	-28,9	-3,7	360,4
Operational EBIT %	34,3 %	31,5 %	13,3 %	-7,3 %	-1,8 %		21,3 %
Harvested volume (1,000 tgw)	22,4	8,0	3,3	1,1			34,8
EBIT/ kg gw (NOK)	12,98	11,46	5,05	-5,37			10,36
YTD 2014							
Operating income (mill.)	2 021,7	913,8	566,6	527,5	4 853,2	-3 705,7	5 177,2
Operational EBIT (mill.)	683,5	294,2	172,0	164,5	88,0	-31,9	1 370,3
Operational EBIT %	33,8 %	32,2 %	30,4 %	31,2 %	1,8 %		26,5 %
Harvested volume (1,000 tgw)	52,2	23,8	11,6	11,8			99,3
EBIT/ kg gw (NOK)	13,09	12,38	14,85	13,97			13,80
YTD 13							
Operating income (mill.)	2 155,3	483,7	408,4	82,4	4 424,6	-3 149,7	4 404,8
Operational EBIT (mill.)	775,8	156,1	117,5	-6,0	-123,4	-8,6	911,4
Operational EBIT %	36,0 %	32,3 %	28,8 %	-7,3 %	-2,8 %		20,7 %
Harvested volume (1,000 tgw)	56,1	13,1	10,5	1,1			80,8
EBIT/ kg gw (NOK)	13,82	11,92	11,24	-5,37			11,28
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

	3Q 14	3Q 13	YTD 2014	YTD 13	FY 2013
Number of shares - end of period (mill.)	113,3	113,3	113,3	113,3	113,3
Earnings per share (NOK)	3,97	2,34	7,97	10,38	15,80
Earnings per share - diluted (NOK)	3,97	2,34	7,97	10,38	15,80
EBITDA %	27,8 %	24,7 %	30,3 %	24,2 %	23,8 %
Operational EBIT %	24,2 %	21,3 %	26,5 %	20,7 %	20,2 %
EBIT %	35,7 %	15,7 %	24,4 %	26,5 %	31,2 %
Profit before tax %	34,2 %	19,6 %	24,0 %	33,7 %	37,2 %
Cash flow per share - diluted (NOK)	-0,24	-0,38	10,08	5,82	9,76
Net interest bearing debt (mill.)	2 639,5	2 409,6	2 639,5	2 409,6	1 772,4
Equity ratio %	48,8 %	48,8 %	48,8 %	48,8 %	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

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 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.

Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA AS	60 500 000	53,40 %
FOLKETRYGDFONDET	9 238 585	8,15 %
PARETO AKSJE NORGE	2 229 882	1,97 %
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.	1 227 422	1,08 %
PARETO AKTIV	891 962	0,79 %
STATE STREET BANK & TRUST CO.	840 651	0,74 %
THE BANK OF NEW YORK MELLON	687 526	0,61 %
STOREBRAND NORGE I	593 203	0,52 %
J.P. MORGAN CHASE BANK N.A. LONDON	579 068	0,51 %
MORGAN STANLEY & CO INTERNAT. PLC	575 932	0,51 %
RBC INVESTOR SERVICES BANK S.A	492 524	0,43 %
STATE STREET BANK AND TRUST CO.	490 651	0,43 %
J.P. MORGAN LUXEMBOURG S.A.	471 845	0,42 %
FORSVARETS PERSONELLSERVICE	461 900	0,41 %
KLP AKSJE NORGE INDEKS VPF	454 561	0,40 %
PARETO VERDI	452 917	0,40 %
STATE STREET BANK & TRUST COMPANY	436 043	0,38 %
Top 20	**85 565 339**	**75,52 %**
Others	27 734 660	24,48 %
Total	**113 299 999**	**100,00 %**

Note 3 - Inventory and Biological Assets (biomass)

Book value of inventory	30.09.2014	30.06.2014	31.12.2013	30.09.2013
Raw materials	93,5	85,7	89,8	83,7
Biological assets	3 044,7	2 716,8	3 077,2	2586,3
Finished goods	101,2	109,8	81,7	104,8
Total	3 239,5	2 912,3	3 248,7	2774,8

Fair value adjustment of biological assets	30.09.2014	30.06.2014	31.12.2013	30.09.2013
Historic cost	2 302,0	2 111,3	2 202,3	2 152,3
Fair value adjustment of the biomass	742,7	605,5	874,8	434,0
Book value	3 044,7	2 716,8	3 077,2	2 586,3

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:

	3Q 2014	3Q 2013	YTD 2014	YTD 2013	FY 2013
Change in fair value of the biomass	147,9	-135,2	-121,6	103,0	529,4
Change in provisions for onerous contracts		49,8		-16,2	-1,8
Unrealised change in value of fish-pool contracts	12,3	0,8	-10,6	-2,4	13,7
Unrealised change in value of forward currency contracts	47,0	-10,3	27,3	-26,7	-13,2
Fair value adjustments recognised in profit and loss	207,2	-94,9	-104,9	57,8	528,2

Fair value adjustment of the biomass for the period came to NOK 137.3 million. Of this amount, a charge of NOK 10.6 million has been recognised in equity in connection with the demerger of Villa Organic. Thus, the net effect recognised in profit and loss during the period was NOK 147.9 million. See Note 8 for further details of the accounting treatment of the Villa Organic demerger.

Note 5 - Business combinations

Business acquisitions in 2014

The Group has not performed any business combinations in the first nine months of 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	-	2,6	2,6
Share of year's profit/loss	65,0	-	65,0
Other items in comprehensive income	16,4	-	16,4
Dividend received	-17,5	-	-17,5
Sale of assets	-	-	-
Closing balance 30.09.2014	**466,3**	**2,7**	**468,9**

Note 7- Other financial items

	3Q 2014	**3Q 2013**	**YTD 2014**	**YTD 2013**	**FY 2013**
Unrealised gains TRS agreement		-		26,7	26,7
Gain on realisation of shares		-		194,8	254,4
Change in value of financial assets to fair value in profit and loss		69,5		82,8	82,8
Net interest expenses	-36,3	-35,1	-88,3	-120,0	-158,1
Other net financial items	-0,7	1,3	-0,9	8,2	8,9
Total other financial items	-37,0	35,7	-89,2	192,5	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 demerger of the Villa Group has been completed with effect, for accounting purposes, from 1 July 2014. The buyout of non-controlling interests in the Villa Group has been accomplished with settlement in assets and liabilities. As a consequence, the shareholdings in the subsidiaries Romsdal Processing AS and Kirkenes Processing AS will be divided between SalMar Laksefjorden AS and Lerøy Finnmark AS. This means that these two subsidiaries exited the Group with effect from 1 July 2014. The exit of the subsidiaries and non-controlling interests has affected the SalMar Group as shown in the table below.

NOK million	Exit of subsidiaries and non-controlling interests 01.07.2014
ASSETS	
Intangible fixed assets	-151,7
Tangible fixed assets	-106,1
Financial fixed assets	2,5
Total fixed assets	**-255,3**
Inventory	-90,7
Accounts receivables	-13,5
Other short-term receivables	-7,6
Cash and cash equivalents	-140,9
Total current assets	**-252,8**
TOTAL ASSETS	**-508,1**
EQUITY AND LIABILITIES	
Minority interests	-332,0
Total equity	**-332,0**
Provisions for liabilities	-42,3
Int. bearing long-term liabilities	-42,6
Total long-term liabilities	**-84,8**
Other short-term liabilities	-91,2
Total short-term liabilities	**-91,2**
TOTAL EQUITY AND LIABILITIES	**-508,1**
Net interest bearing debt	**98,4**

Exit of subsidiaries
In connection with the demerger of the Villa Group, assets in the subsidiaries Romsdal Processing AS and Kirkenes Processing AS were divided between SalMar Laksefjorden AS and Lerøy Finmark AS. Calculation of the gain deriving from the exit of subsidiaries is based on the fair value of the subsidiaries' assets and liabilities. Since the fair value of the subsidiaries' assets and liabilities is deemed to correspond to book value, this has resulted in neither gain nor loss for the Group.

Exit of non-controlling interests
The buyout of non-controlling interests has been settled in assets and liabilities. Assets and liabilities are set at fair value in connection with the transaction. Fair value is deemed to equal the book value of the assets which are exiting the Group. The effect of this is recognised as a direct reduction in the share of equity held by non-controlling interests.