
Quarterly Report
Fourth quarter 2014
SALMAR
Passion for Salmon

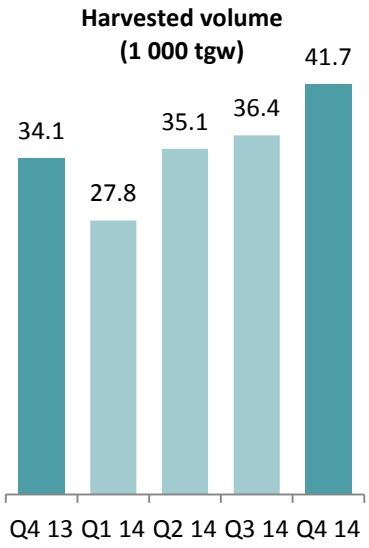
SATISFACTORY RESULT DESPITE BIOLOGICAL CHALLENGES

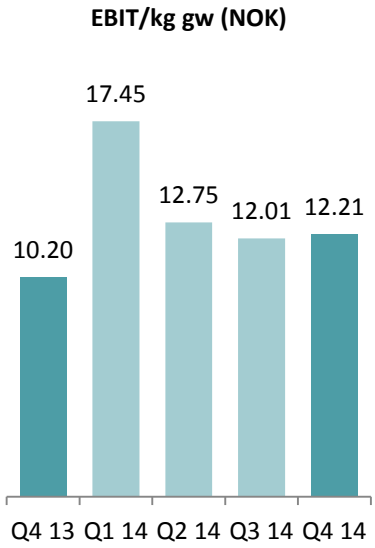
HIGHLIGHTS IN THE FOURTH QUARTER 2014

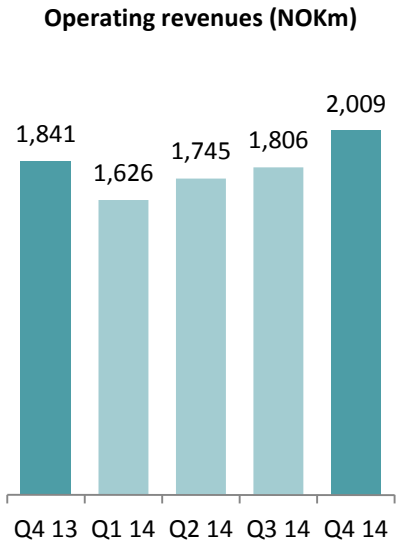
- Good salmon prices and high harvested volume produced profit growth and record operating revenues.
- 50% of the harvested volume was sold under contract with neutral effect on profits.
- The board is recommending a dividend of NOK 10 per share.

KEY FIGURES - GROUP

NOK million	Q4 14	Q4 13	2014	2013
Operating revenues	2,008.7	1,841.1	7,185.9	6,245.9
Operational EBIT	508.7	348.1	1,879.0	1,259.5
Operational EBIT %	25.3%	18.9%	26.1%	20.2%
Fair value adjustments	-127.5	470.4	-232.3	528.2
Profit before tax	387.5	838.3	1,628.8	2,322.1
EPS	2.55	5.42	10.53	15.80
NIBD	2,301.3	1,772.4	2,301.3	1,772.4
Equity ratio %	50.7 %	51.0 %	50.7 %	51.0 %
Harvested volume (1000 tgw)	41,7	34,1	141,0	114,9
EBIT/kg gw (NOK)	12,21	10,20	13,33	10,96







FINANCIAL PERFORMANCE IN THE FOURTH QUARTER AND WHOLE YEAR 2014

Revenues and results in the fourth quarter 2014

The SalMar Group harvested some 41,700 tonnes of fish in the fourth quarter 2014, 5,300 tonnes more than in the preceding quarter, and 7,500 tonnes more than in the fourth quarter 2013.

In addition, a total of 5,500 tonnes was harvested by Norskott Havbruk (Scottish Sea Farms). This was 2,600 tonnes less than in the third quarter 2014, and 1,200 tonnes less than the corresponding quarter in 2013. SalMar owns 50 per cent of Norskott Havbruk.

Following a decrease in the previous quarter, salmon prices rose through the fourth quarter. In the last week of the year the average price stood at NOK 43.39/kg. The rising price trend in the quarter led to substantial variations between the months, ranging from NOK 33.27/kg in October to NOK 38.84/kg in November and up to NOK 45.23 in December.

The average price of salmon (NASDAQ Salmon Index) for the period ended at NOK 39.09/kg, an increase of NOK 3.80/kg from the third quarter, and a decrease of NOK 2.93/kg from the corresponding period the year before.

The Group generated gross operating revenues of NOK 2,008.7 million in the fourth quarter 2014, compared with NOK 1,806.2 million in the preceding quarter and NOK 1,841.1 million in the fourth quarter 2013.

Operational EBIT for the Group came to NOK 508.7 million in the period, up from NOK 437.7 million in the third quarter and NOK 348.1 million in the fourth quarter 2013.

For the Group as a whole this gave an Operational EBIT/kg of NOK 12.21, compared with NOK 12.01 in the preceding quarter and NOK 10.20 in the corresponding quarter in 2013.

Please see the individual segment reports for a more detailed account of Operational EBIT.

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

Fair value adjustments reduced recognised operating profit by NOK 127.5 million in the quarter. The bulk of this is attributable to changes in the value of unrealised forward currency contracts (down NOK 150.9 million).

The remaining fair value adjustments relate to the value of the biomass, which rose by NOK 82.6 million in the period, and changes in the value of unrealised Fish Pool contracts (down NOK 28.5 million). See Note 4 – Fair value adjustments – for further details.

Operating profit for the period totalled NOK 381.3 million, compared with NOK 782.7 million in the fourth quarter 2013.

SalMar's share of the profit from associates came to NOK 31.1 million in the period. The bulk of this contribution derives from SalMar's share of the profit from Norskott Havbruk. Associates contributed NOK 33.4 million in the fourth quarter 2013.

Net other financial items were negative in the amount of NOK 24.8 million in the quarter, with net interest expenses accounting for NOK 26.8 million. In the same period in 2013 net other financial items were positive in the amount of NOK 22.2 million, with gains on the realisation of shares in Bakkafrost and Nordskag Næringspark accounting for NOK 59.5 million. Net interest expenses in the fourth quarter 2013 totalled NOK 38.1 million.

A tax expense of NOK 97.4 million has been calculated for the quarter, compared with NOK 185.6 million in the corresponding period the year before.

The Group made a net profit of NOK 290.1 million, compared with NOK 652.7 million in the fourth quarter 2013.

Revenues and results for 2014 as a whole

The Group generated operating revenues of NOK 7,185.9 million in 2014 as a whole, up from NOK 6,245.9 million the year before.

Excluding Norskott Havbruk, a total of 141,000 tonnes was harvested in 2014 as a whole, up from 114,900 tonnes the year before. This corresponds to an increase of 23 per cent, and is largely attributable to volume growth in the segment SalMar Northern Norway.

The average price of salmon (NASDAQ Salmon Index) for the year came to NOK 40.56/kg, compared with NOK 39.82/kg in 2013.

Operational EBIT for the year totalled NOK 1,879.0 million, compared with NOK 1,259.5 million in 2013.

Fair value adjustments reduced profits by NOK 232.3 million, such that operating profit for the year came to NOK 1,646.7 million, compared with NOK 1,949.4 million the year before.

Operating profit for 2013 had been boosted by fair value adjustments amounting to NOK 528.2 million and non-recurring gains from the acquisition of companies totalling NOK 161.8 million.

SalMar's share of the profit from associates came to NOK 96.1 million in 2014, compared with NOK 158.0 million in 2013. The profit from SalMar's shareholding in Bakkafrost was included in 2013, while the result for 2014 derives almost entirely from the Group's share of the profit from Norskott Havbruk.

Net other financial items were negative in the amount of NOK 114.0 million, such that profit before tax for 2014 as a whole came to NOK 1,628.8 million. In 2013 net other financial items amounted to plus NOK 214.7 million, such that profit before tax ended the year at NOK 2,322.1 million.

The tax expense for the year has been calculated at NOK 413.4 million, compared with NOK 418.7 million the year before.

Net profit for 2014 therefore came to NOK 1,215.5 million, down from NOK 1,903.4 million in 2013.

Cash flow

The SalMar Group generated a cash flow from operating activities of NOK 504.3 million in the fourth quarter 2014. The NOK 387.5 million difference with respect to profit before tax is largely attributable to fair value adjustments of NOK 127.5 million, depreciation of NOK 79.7 million, and changes in working capital.

The Group's total working capital rose by NOK 85.7 million during the period. The increase is largely attributable to a NOK 165.1 million rise in trade receivables, and a NOK 109.6 million rise in public charges payable. Net cash flow from investing activities was negative in the amount of NOK 128.9 million during the period. This relates largely to investments in property, plant and equipment totalling NOK 112.7 million.

The Group's net cash flow from financing activities was negative in the amount of NOK 411.8 million during the period. The main reason for this was a NOK 383.3 million reduction in net interest-bearing debt, a NOK 372.4 million reduction in operating credit, and repayments of long-term debt amounting to NOK 10.9 million. Furthermore, net interest payments of NOK 26.8 million were made in the quarter.

SalMar's net cash flow for the period was therefore negative in the amount of NOK 36.3 million. As a result, the Group's total holdings of cash and cash equivalents at the close of the period stood at NOK 167.0 million.

Financial position

At the close of 2014 SalMar's balance sheet totalled NOK 10,124.4 million, compared with NOK 9,794.6 million at the close of the third quarter 2014 and NOK 9,931.6 million at the close of 2013.

As at 31 December, the Group had capitalised intangible assets totalling NOK 2,898.6 million, just less than NOK 80 million more than three months before. The change is largely attributable to investments in licences through acquisition. See Note 5 for further details of the acquisition. In addition, NOK 6.0 million in excess of depreciation was invested in R&D during the period.

The book value of the Group's property, plant and equipment rose by NOK 32.5 million during the quarter to NOK 2,017.6 million. The increase is due to expenditure in accordance with the ongoing investment programme.

As at 31 December 2014, the Group's current assets totalled NOK 4,669.0 million, NOK 164.2 million more than three months before. The change is almost entirely attributable to a NOK 81.7 million increase in inventory, deriving from fair value adjustments. The Group's total receivables rose by NOK 115.2 million during the quarter, which can be explained by an increase in sales.

At the close of the period the Group had total equity of NOK 5,137.3 million, which corresponds to an equity ratio of 50.7 per cent. See the statement of changes in equity for further details.

Total interest-bearing debt at the close of the quarter came to NOK 2,468.2 million. Of this amount, long-term debt to credit institutions accounted for NOK 1,780.2 million, ordinary leasing debt accounted for NOK 91.2 million, while leasing debt relating to InnovaMar accounted for NOK 314.9 million.

Short-term interest-bearing debt derives in its entirety from the Group's short-term overdraft in the amount of NOK 276.7 million.

Corrected for cash holdings, this gives the Group a net interest-bearing debt of NOK 2,301.3 million, a decrease of NOK 338.2 million from three months before.

OPERATIONAL PERFORMANCE IN THE FOURTH QUARTER 2014

Fish farming – SalMar Central Norway

NOK million	Q4 14	Q4 13	2014	2013
Operating revenues	842	547	2,864	2,702
Operational EBIT	263	148	946	924
Operational EBIT%	31 %	27 %	33 %	34 %
Harvested volume (1 000 tgw)	23.0	14.0	75.2	70.2
EBIT/kg gw (NOK)	11.41	10.58	12.58	13.17

The segment SalMar Central Norway harvested a total of 23,000 tonnes in the fourth quarter 2014, compared with 14,000 tonnes in the corresponding period the year before. The higher harvested volume generated gross operating revenues of NOK 841.8 million in the fourth quarter, up from NOK 546.7 million in the same quarter in 2013.

Although prices rose through the quarter, the segment did not benefit fully from this trend, since a substantial proportion of its volume was harvested at the start of the period. Operating profit per kg gutted weight came to NOK 11.41 in the period, up NOK 1.47 per kg compared with the preceding quarter.

Profit sharing related to jointly operated production licences reduced the segment's operating profit by NOK 0.74 per kg.

SalMar Central Norway has experienced a challenging situation with respect to salmon lice and PD. However, SalMar had the situation under control in the fourth quarter. More frequent delousing of fish held at sea accumulates the salmon lice cost per kg, and this is expected to affect the overall cost picture in 2015.

Higher than normal temperatures resulted in good growth, and the harvesting of fish released into the sea in the autumn of 2013 began earlier than planned in the quarter.

SalMar Central Norway harvested around 75,200 tonnes of salmon during 2014 as a whole. Compared to 70,200 tonnes the year before. The company expects this segment to harvest around 79,000 tonnes in 2015.

Fish farming – SalMar Northern Norway

NOK million	Q4 14	Q4 13	2014	2013
Operating revenues	529	429	1 443	913
Operational EBIT	183	164	477	320
Operational EBIT%	35 %	38 %	33 %	35 %
Harvested volume (1 000 tgw)	13.8	10.7	37.5	23.8
EBIT/kg gw (NOK)	13.30	15.32	12.72	13.45

With effect from the third quarter, SalMar's share of Villa Organic has been consolidated into the segment SalMar Northern Norway. See Note 8 for further details.

SalMar Northern Norway harvested around 13,800 tonnes of salmon during the fourth quarter, compared with 10,700 tonnes in the same period in 2013. The harvested volume was evenly distributed throughout the period.

The segment generated gross operating revenues of NOK 529.3 million in the quarter, up from NOK 429.0 million in the corresponding period the year before. The increase is due to higher harvested volumes, but is partly offset by somewhat lower prices.

The segment's biological situation is considered good. Marine-phase production costs are falling, and higher sea temperatures contributed to improved growth during the period.

There were some occurrences of sexually mature fish in the fourth quarter, with a consequent impact on price and costs.

Around 1,490 tonnes of the overall harvested volume comes from sites in Finnmark which SalMar operates jointly with Lerøy, and which were previously part of Villa Organic. The level of costs for this volume is higher than in the rest of the segment.

Operating profit per kg gutted weight came to NOK 13.30 during the quarter, down from NOK 15.32 per kg in the corresponding period in 2013. Compared with the third quarter 2014, EBIT per kg rose by NOK 6.59.

SalMar Northern Norway harvested approx. 37,500 tonnes in 2014 as a whole, up from 23,800 tonnes in 2013. This segment is expected to harvest a total of approx. 42,000 tonnes in 2015.

Fish farming – Rauma

NOK million	Q4 14	Q4 13	2014	2013
Operating revenues	215	187	782	595
Operational EBIT	43	44	215	162
Operational EBIT%	20 %	24 %	27 %	27%
Harvested volume (1 000 tgw)	4.9	4.4	16.5	14.9
EBIT/kg gw (NOK)	8.74	10.02	13.04	10.88

The Rauma segment harvested some 4,900 tonnes of fish in the fourth quarter 2014, around 500 tonnes more than in the fourth quarter 2013. The harvested volume was evenly distributed throughout the period.

Around 47 per cent of the total volume harvested was organic salmon, compared with 75 per cent in the previous quarter.

Organic salmon normally carries a price premium compared with conventional salmon. However, in periods of rising and high spot prices for conventional salmon, this premium is reduced. Price developments in the fourth quarter were therefore unfavourable for organic salmon, and margins were consequently somewhat lower.

The Rauma segment generated gross operating revenues of NOK 215.4 million in the fourth quarter, compared with NOK 187.0 million in the corresponding period in 2013.

The Rauma segment's overall biological situation remained challenging in the fourth quarter.

The costs per kg relating to delousing treatments have been rising also in this region. The number of cases of PD remains relatively high, and this affects the fishes' appetites and growth, which in turn leads to higher costs.

The Rauma segment has had cases of amoebic gill disease (AGD) at certain sites. Treatment has been successful, but AGD also affects appetite and growth, with corresponding increased costs per kg.

As a result of the reduced price premium for organic salmon, and a generally higher level of costs, operating profit per kg gutted weight came to NOK 8.74 in the quarter, down from NOK 12.09 in the preceding quarter and from NOK 10.02 per kg in the fourth quarter 2013.

The Rauma segment harvested a total of 16,500 tonnes in 2014 as a whole, some 1,500 tonnes more than the year before. The segment expects to harvest around 18,000 tonnes in 2015.

Sales and Processing

NOK million	Q4 14	Q4 13	2014	2013
Operating revenues	1 995	1 623	6 848	6 047
Operational EBIT	50	-38	138	-161
Operational EBIT%	2 %	-2 %	2 %	-3 %

The Sales and Processing segment generated gross operating revenues of NOK 1,994.5 million in the fourth quarter, up from NOK 1,622.8 million in the fourth quarter 2013. The segment sells the entire Group's harvested volume, with the exception of the volume deriving from joint operations with Lerøy in Finnmark, which harvested 1,490 tonnes in the fourth quarter.

The segment made an operating profit of NOK 49.7 million in the period, compared with an operating loss of NOK 37.6 million in the fourth quarter 2013. In the third quarter 2014 the segment made a profit of NOK 104.1 million.

In the fourth quarter 2014 around 50 per cent of the volume was sold under contract at prices marginally higher than the period's average spot price. The result for the preceding quarter was strongly affected by favourable contract sales.

The embargo on access to the Russian market has posed a challenge, but the sales volumes have been redirected to existing and new markets. Furthermore, a generally good spot allocation of sold volumes contributed to improved margins for the segment.

Operationally, the harvesting plant continued its positive trend from the previous quarter, working efficiently and with high capacity utilisation.

A total of 36,800 tonnes was harvested in the quarter, 1,700 tonnes less than in the previous quarter. Some 11,000 tonnes was harvested on behalf of third parties.

The processing business was slightly more profitable than in the previous quarter, due to improvements in underlying operations.

Eliminations

With effect from the fourth quarter 2013, R&D costs have been included under eliminations in the segment's financial reports. Of a total harvested volume of 41,700 tonnes in the quarter, R&D costs accounted for NOK 0.60 per kg of the eliminations.

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 total financial results.

NOK million	Q414	Q413	2014	2013
Operating revenues	289	316	1 385	1 189
Operational EBIT	29	61	232	221
Operational EBIT%	10 %	19 %	17 %	19 %
Fair value adj. biomass	53	29	8	57
Profit before tax	81	88	239	267
SalMar's share after tax	31	33	96	101
Harvested volume (1 000 tgw)	5.5	6.7	27.5	26.9
EBIT/kg gw (NOK)	5.34	9.15	8.44	8.23

Norskott Havbruk generated gross operating revenues of NOK 288.6 million in the fourth quarter 2014, down from NOK 372.9 million in the third quarter and NOK 316.2 million in the fourth quarter 2013.

Norskott Havbruk harvested a total of 5,500 tonnes in the quarter, 2,600 tonnes less than in the preceding quarter and around 1,200 tonnes less than in the corresponding period the year before. SalMar's share of the harvested volume came to 2,750 tonnes.

Some 69 per cent of the quarter's harvested volume was sold under contract.

Operating profit per kg gutted weight ended the quarter at NOK 5.34, down from NOK 5.92 per kg in the preceding quarter and NOK 9.15 per kg in the fourth quarter 2013.

Norskott Havbruk harvested a total of approx. 27,500 tonnes in 2014 as a whole, up from 26,900 tonnes in 2013.

The company expects to harvest 31,000 tonnes in 2015.

MARKETS

Russia

Following the introduction of trading restrictions to Russia, it was necessary to redirect the volume that had previously gone to the Russian market to other areas. Through the third and fourth quarters SalMar has placed this volume largely in existing markets.

Supply and demand

The global supply of Atlantic salmon in the fourth quarter 2014 totalled some 608,200 tonnes, an increase of 4 per cent or 22,500 tonnes from the fourth quarter 2013.

For 2014 as a whole, the overall supply increased by 185,500 tonnes to 2,226,800 tonnes, which corresponds to a rise of 9 per cent. Growth in 2015 is expected to be around 3 per cent.

Growth in the fourth quarter 2014 was largely driven by Chilean producers, who harvested around 153,600 tonnes of Atlantic salmon during the period, 25,000 tonnes, or 19 per cent, more than in the corresponding period in 2013.

In the Faeroes strong growth continued in the fourth quarter, with output rising by 26 per cent during the period. However, the overall volume harvested in the Faeroes is small compared with Chile and Norway, and the total increase came to just 5,200 tonnes.

Output in North America increased by 10 per cent to 35,000 tonnes, while output in the UK fell by 10 per cent to 41,300 tonnes. Output from the other producing countries rose by 14 per cent to 19,000 tonnes.

Norway's total exports of Atlantic salmon came to around 316,800 tonnes round weight in the fourth quarter, down approx. 16,000 tonnes or 5 per cent from the fourth quarter 2013. Measured in NOK, total salmon exports in the quarter were worth around NOK 12 billion, down approx. NOK 550 million from the NOK 12.6 billion achieved in the corresponding period the year before.

Norway exported a total of 241,600 tonnes of salmon to the EU during the period, an increase of 9 per cent compared with the corresponding period in 2013.

With respect to individual markets, the most dramatic change came in Russia, where the full effect of trading restrictions was felt in the fourth quarter. Just under 200 tonnes of salmon was exported from Norway to Russia during the period, compared with 38,100 tonnes in the fourth quarter 2013.

Developments in the other main markets were mixed. The negative trend continued in France, with exports from Norway falling by 7 per cent to 40,800 tonnes.

After several quarters of strong growth in exports to Poland, volume in the fourth quarter grew by just 4 per cent. However, Poland remains the largest single market for Norwegian salmon, with a total export volume of 46,900 tonnes.

The positive developments seen in previous quarters continued in Denmark, the UK and Spain, with exports increasing by 7, 42 and 32 per cent respectively to 23,000 tonnes, 22,400 tonnes and 19,000 tonnes in the period.

A total of 11,600 tonnes was exported to Asian markets during the quarter. This is 13 per cent less than in the corresponding period the year before.

Prices and exchange rates

Following a decrease in in the previous quarter, salmon prices rose through the fourth quarter, and averaged NOK 43.39/kg in the last week of the year. The rising price trend in the quarter led to substantial variations between the months, from NOK 33.27/kg in October to NOK 38.84/kg in November and up to NOK 45.23 in December.

The average price of salmon (NASDAQ Salmon Index) in the period came to NOK 39.09/kg, up NOK 3.80/kg from the third quarter, but down NOK 2.93/kg from the corresponding period the year before.

The NOK continued to weaken in the fourth quarter. Since the close of the preceding quarter the NOK has weakened against the EUR, USD and GBP by 3.9 per cent, 10.2 per cent and 4.5 per cent respectively.

Compared with the fourth quarter 2013, the NOK has weakened against the same currencies by 4.2 per cent, 13.6 per cent and 11.0 per cent respectively.

Any weakening of the NOK against other currencies may lead to an increase in the price of salmon measured in NOK and vice versa.

Biomass

As at 31 December 2014 Norway had a standing biomass of 725,100 tonnes round weight, 4 per cent more than at the same point the year before, when the standing biomass came to 694,400 tonnes round weight. At the close of the third quarter 2014 the total Norwegian biomass came to 708,700 tonnes round weight.

At the close of the quarter the biomass in the UK was 2 per cent higher than a year before, totalling 87,800 tonnes round weight. The biomass in Chile was marginally higher than 12 months before, totalling 295,900 tonnes round weight. The total biomass in the Faeroes stood at 39,200 tonnes at the close of the quarter, down 9 per cent from a year before.

EVENTS AFTER THE BALANCE SHEET DATE

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

DIVIDEND

The board of directors will recommend that the Annual General Meeting authorise a dividend payment of NOK 10 per share.

SHARES AND SHAREHOLDERS

At the close of December 2014, SalMar had a total of 113,299,999 shares outstanding, divided between 3,400 shareholders.

The company's dominant shareholder, Kverva AS, owns 53.4 per cent of the company's shares. The company's 20 largest shareholders own a total of 74.98 per cent of the shares. SalMar ASA is the company's seventh largest shareholder, with 1.3 million shares or 1.15 per cent of the total number of outstanding shares.

During the fourth quarter SalMar's share price fluctuated between NOK 104 and NOK 129. The share price closed the quarter at NOK 127.50. At the close of the previous quarter the share price stood at NOK 113.50.

TRANSACTIONS WITH RELATED PARTIES

Note 31 to SalMar's 2013 year-end financial statements covers transactions with related parties.

During 2014 no changes or transactions involving related parties took place that could materially affect the Group's financial position or results.

OUTLOOK

The global supply of Atlantic salmon rose by 4 per cent in the fourth quarter, such that output for 2014 as a whole grew by 9 per cent.

Forecasts for 2015 indicate that growth in global production of salmon will continue to decline. For the year as a whole, the supply of Atlantic salmon is expected to grow by around 3 per cent.

Output in Norway was 3 per cent lower in the fourth quarter 2014 than in the same period the year before, ending at 334,100 tonnes. For the year as a whole, output of salmon by Norwegian producers rose by 5 per cent.

The low level of growth is expected to continue in 2015. For the year as a whole, the growth in the supply of Atlantic salmon from Norway is expected to be around 4 per cent.

Strong growth in output from Chile continued in the fourth quarter 2014, rising 19 per cent compared with the same period the year before. However, this growth rate is expected to fall dramatically in the time ahead. For 2015 as a whole, the supply of Atlantic salmon from Chile is expected to fall by 4 per cent.

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

Fish Pool forward prices in mid-February indicate an average salmon price for March of NOK 40.9/kg. Forward prices for the second quarter 2015 indicate a price of NOK 41.50/kg, falling to NOK 38.75/kg in the third quarter. Fish Pool's forward price for the whole of 2016 is NOK 40.55/kg.

In recent years SalMar has, in collaboration with leading international maritime research environments, developed a new structural concept for an open-ocean fish farm, which

will make it possible to exploit areas that are less sheltered and more exposed to harsh weather conditions. The open-ocean fish farming facility is based on advanced offshore concepts developed for the oil and gas industry. It has been successfully tested at MARINTEK'S marine laboratory.

The open-ocean fish farming facility will be highly escape-proof, and its design – along with its positioning in more exposed offshore locations – will lead to reduced levels of disease and salmon lice. Realisation of the open-ocean fish farming project will be cost-intensive, and will depend on the authorities licensing production volumes at competitive terms.

SalMar continues to experience a challenging biological situation. This may affect costs, growth rates and harvesting plans in the time ahead.

Increased prices for fish meal and fish oil are expected to result in higher feed prices in coming periods.

SalMar expects to harvest some 139,000 tonnes of salmon in 2015. Around 40 per cent of the volume will be harvested in the first half of the year, of which a smaller proportion will come in the first quarter.

At the time of writing, contract sales account for just over 30 per cent of the volume expected to be harvested in 2015. The volume will be highest in the first half of the year.

SalMar will continue its ongoing investment programme, and expects to invest around NOK 400 million in 2015. This is largely associated with marine-phase activities. Investments in increased smolt capacity in northern Norway proceed as planned, and are expected to be completed in the second half of 2016. Around NOK 200 million of this investment will accrue in 2015.

From a performance point of view 2014 was an very good year for SalMar. Good salmon prices and a record high harvested volume resulted in the highest Operational EBIT in the Group's history. The board considers SalMar's financial position to be very good, and is therefore recommending a dividend of NOK 10 per share. In the opinion of the board, SalMar's financial capacity for further growth is strong.

INCOME STATEMENT

NOK million	4Q 14	4Q 13	FY 2014	FY 2013
Operating income	**2 008,7**	**1 841,1**	**7 185,9**	**6 245,9**
Cost of goods sold	926,3	939,0	3 175,3	3 051,2
Payroll expenses	194,5	186,5	710,4	623,1
Other operating expenses	299,4	294,9	1 143,0	1 086,3
EBITDA	588,5	420,7	2 157,2	1 485,3
Depreciations	79,7	72,6	278,2	225,8
Operational EBIT	**508,7**	**348,1**	**1 879,0**	**1 259,5**
Fair value adjustment	-127,5	470,4	-232,3	528,2
Particular biological events				
Non-recurring gains on aquisition	-	-35,8	-	161,8
Operational profit	**381,3**	**782,7**	**1 646,7**	**1 949,4**
Income from investments in associates	31,1	33,4	96,1	158,0
Other financial items	-24,8	22,2	-114,0	214,7
Profit before tax	**387,5**	**838,3**	**1 628,8**	**2 322,1**
Tax	97,4	185,6	413,4	418,7
Net profit for the period	**290,1**	**652,7**	**1 215,5**	**1 903,4**
Items to be reclassified to profit and loss in subsequent periods:				
Change in translation diff. associates, net tax	42,3	12,0	58,8	73,4
Change in translation diff. Subsidaries, net tax	0,2	-0,0	0,2	-0,2
Change in fair value of currency instruments	3,4	1,2	3,1	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	-	0,2
Total comprehensive income	**336,0**	**666,1**	**1 277,5**	**1 978,0**
Non-controlling interests share of result	0,9	38,5	23,0	113,3
Controlling interests share of result	289,3	614,1	1 192,5	1 790,0
Earnings per share (NOK)	2,55	5,42	10,53	15,80
Earnings per share - diluted	2,55	5,42	10,53	15,80

BALANCE SHEET – GROUP

NOK million	31.12.2014	30.09.2014	31.12.2013
ASSETS			
Intangible fixed assets	2 898,6	2 819,4	2 464,1
Tangible fixed assets	2 017,6	1 985,1	1 859,3
Financial fixed assets	539,2	485,4	408,8
Total fixed assets	**5 455,4**	**5 289,8**	**4 732,2**
Inventory	3 321,1	3 239,5	3 248,7
Accounts receivables	888,2	703,4	662,1
Other short-term receivables	292,6	362,3	217,6
Cash and cash equivalents	167,0	199,7	1 071,0
Total current assets	**4 669,0**	**4 504,8**	**5 199,4**
TOTAL ASSETS	**10 124,4**	**9 794,6**	**9 931,6**
EQUITY AND LIABILITIES			
Paid-in equity	476,6	476,6	476,6
Reserves	4 600,1	4 270,6	4 246,4
Minority interests	60,6	34,3	337,8
Total equity	**5 137,3**	**4 781,5**	**5 060,8**
Provisions for liabilities	1 256,6	1 465,0	1 199,6
Int. bearing long-term liabilities	2 191,6	2 153,8	2 446,2
Total long-term liabilities	**3 448,1**	**3 618,8**	**3 645,8**
Int. bearing short-term liabilities	276,7	685,4	397,2
Other short-term liabilities	1262,3	708,9	827,8
Total short-term liabilities	**1 539,0**	**1 394,3**	**1 225,0**
TOTAL EQUITY AND LIABILITIES	**10 124,4**	**9 794,6**	**9 931,6**
Net interest bearing debt	**2 301,3**	**2 639,5**	**1 772,4**
Equity share	**50,7 %**	**48,8 %**	**51,0 %**

STATEMENT OF CASH FLOW

NOK million	4Q 14	4Q 13	FY 2014	FY 2013
Profit before tax	387,5	838,3	1 628,8	2 322,1
Tax paid in period	-23,8	-4,2	-25,8	-6,5
Depreciation	79,7	72,6	278,2	225,8
Share of profit/loss from associates	-31,1	-33,4	-96,1	-158,0
Realized and unrealized gains on financial assets	-	-59,5	-	-341,8
Non-recurring gains on acquisitions	-	35,8	-	-161,8
Change in fair value adjustments	127,5	-470,4	232,3	-528,2
Change in working capital	-85,7	20,4	-512,4	-417,6
Other changes	50,3	46,4	142,1	172,0
Net cash flow from operating activities	504,3	446,0	1 647,0	1 106,0
Net cash flow from investing activities	-128,9	242,3	-1 031,9	698,7
Change in interest-bearing debt	-383,3	89,0	-357,4	-540,8
Dividend paid out	-2,2	-	-898,2	-0,1
Exit of non-controlling interests and subsidiaries	-	-0,8	-140,9	-70,4
Interest paid	-26,8	-38,1	-115,1	-158,1
Other changes	0,5	-14,4	-10,9	-20,6
Net cash flow from financing activities	-411,8	35,7	-1 522,5	-790,0
Net change in cash for the period	**-36,3**	**724,0**	**-907,4**	**1 014,6**
Foreign exchange effects	3,6	1,2	3,3	1,1
Cash in the beginning of the period	199,7	345,8	1 071,0	55,3
Cash at the end of the period	**167,0**	**1 071,0**	**167,0**	**1 071,0**

STATEMENT OF 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						1 192,5	23,0	1 215,5
Comprehensive income					3,3	58,8	0,0	62,1
Total comprehensive income for the yea	0,0	0,0	0,0	0,0	3,3	1 251,3	23,0	1 277,5
Transactions with shareholders								
Dividend paid						-896,0	-2,2	-898,2
Options granted				2,0				2,0
Access non-controlling interests							27,7	27,7
Exit of non-controlling interests						-6,4	-325,6	-332,0
Other changes						-0,5		-0,5
Sum transactions with shareholders	0,0	0,0	0,0	2,0	0,0	-902,9	-300,2	-1 201,0
Equity as at 31.12.14	**28,3**	**-0,3**	**415,3**	**34,8**	**4,5**	**4 594,1**	**60,6**	**5 137,3**

2013	Share capital	Treasury shares	Share premium fond	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.13	**28,3**	**-0,3**	**415,3**	**50,0**	**0,1**	**2 338,1**	**136,3**	**2 967,7**
Net profit for the year						1 790,2	113,3	1 903,4
Comprehensive income					1,1	73,6		74,6
Total comprehensive income for the yea	0,0	0,0	0,0	0,0	1,1	1 863,6	113,3	1 978,0
Transactions with shareholders								
Options granted				1,3				1,3
Options reclassification				-18,4		1,2		-17,2
Access non-controlling interests						0,0	201,1	201,1
Buyout of non-controlling interests						42,5	-112,9	-70,4
Other changes						0,4		0,4
Sum transactions with shareholders	0,0	0,0	0,0	-17,1	0,0	44,0	88,2	115,1
Equity as at 31.12.13	**28,3**	**-0,3**	**415,3**	**32,8**	**1,1**	**4 245,7**	**337,8**	**5 060,8**

SEGMENT INFORMATOIN

	Farming Central-Norway	Farming Northern-Norway	Farming Rauma	Villa	Sales and Processing	Elim.	Group
4Q 14							
Operating income (mill.)	841,8	529,3	215,4		1 994,5	-1 572,4	2 008,7
Operational EBIT (mill.)	262,7	183,0	42,6		49,7	-29,3	508,7
Operational EBIT %	31,2 %	34,6 %	19,8 %		2,5 %		25,3 %
Harvested volume (1,000 tgw)	23,0	13,8	4,9				41,7
EBIT/ kg gw (NOK)	11,41	13,30	8,74				12,21
4Q 13							
Operating income (mill.)	546,7	429,0	187,0	232,1	1 622,8	-1 176,5	1 841,1
Operational EBIT (mill.)	148,4	164,1	44,4	60,5	-37,6	-31,7	348,1
Operational EBIT %	27,2 %	38,3 %	23,7 %	26,0 %	-2,3 %		18,9 %
Harvested volume (1,000 tgw)	14,0	10,7	4,4	5,0			34,1
EBIT/ kg gw (NOK)	10,58	15,32	10,02	12,18			10,20
FY 2014							
Operating income (mill.)	2 863,5	1 443,1	782,0	527,5	6 847,8	-5 278,1	7 185,9
Operational EBIT (mill.)	946,2	477,2	214,7	164,5	137,7	-61,3	1 879,0
Operational EBIT %	33,0 %	33,1 %	27,4 %	31,2 %	2,0 %		26,1 %
Harvested volume (1,000 tgw)	75,2	37,5	16,5	11,8			141,0
EBIT/ kg gw (NOK)	12,58	12,72	13,04	13,97			13,33
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	8,95			10,96

KEY FIGURES - GROUP

	4Q 14	4Q 13	FY 2014	FY 2013
Number of shares - end of period (mill.)	113,3	113,3	113,3	113,3
Earnings per share (NOK)	2,55	5,42	10,53	15,80
Earnings per share - diluted (NOK)	2,55	5,42	10,53	15,80
EBITDA %	29,3 %	22,9 %	30,0 %	23,8 %
Operational EBIT %	25,3 %	18,9 %	26,1 %	20,2 %
EBIT %	19,0 %	42,5 %	22,9 %	31,2 %
Profit before tax %	19,3 %	45,5 %	22,7 %	37,2 %
Cash flow per share - diluted (NOK)	4,45	3,94	14,54	9,76
Net interest bearing debt (mill.)	2 301,3	1 772,4	2 301,3	1 772,4
Equity ratio %	50,7 %	51,0 %	50,7 %	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

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	8 275 589	7,30 %
LIN AS	2 005 200	1,77 %
PARETO AKSJE NORGE	1 716 652	1,52 %
ODIN NORGE	1 635 467	1,44 %
STATE STREET BANK AND TRUST CO.	1 427 782	1,26 %
SALMAR ASA	1 300 000	1,15 %
VERDIPAPIRFONDET DNB NORGE (IV)	1 280 097	1,13 %
STATE STREET BANK & TRUST CO.	813 486	0,72 %
PARETO AKTIV	722 798	0,64 %
THE BANK OF NEW YORK MELLON	709 808	0,63 %
THE BANK OF NEW YORK MELLON	669 323	0,59 %
STOREBRAND NORGE I	614 184	0,54 %
STATE STREET BANK AND TRUST CO.	543 015	0,48 %
RBC INVESTOR SERVICES BANK S.A	492 524	0,43 %
SCHRODER INTERNATION.SELECTION FD	467 809	0,41 %
KLP AKSJE NORGE INDEKS VPF	460 736	0,41 %
STATE STREET BANK & TRUST COMPANY	449 271	0,40 %
JPMORGAN CHASE BANK, N.A	446 716	0,39 %
THE NORTHERN TRUST CO.	419 783	0,37 %
Top 20	**84 950 240**	**74,98 %**
Others	28 349 759	25,02 %
Total	**113 299 999**	**100,00 %**

Note 3 - Inventory and Biological Assets (biomass)

Book value of inventory	-	31.12.2014	30.09.2014	31.12.2013
Raw materials	-	86,5	93,5	89,8
Biological assets	-	3 114,7	3 044,7	3077,2
Finished goods	-	119,9	101,2	81,7
Total	-	3 321,1	3 239,5	3248,7

Fair value adjustment of biological assets	-	31.12.2014	30.09.2014	31.12.2013
Historic cost	-	2 285,8	2 302,0	2 202,3
Fair value adjustment of the biomass	-	828,9	742,7	874,8
Book value	-	3 114,7	3 044,7	3 077,2

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:

	4Q 2014	4Q 2013	YTD 2014	YTD 2013
Change in fair value of the biomass	82,6	426,4	-39,0	529,4
Change in provisions for onerous contracts	-30,6	14,4	-30,6	-1,8
Unrealised change in value of fish-pool contracts	-28,5	16,0	-39,2	13,7
Unrealised change in value of forward currency contracts	-150,9	13,5	-123,6	-13,2
Fair value adjustments recognised in profit and loss	-127,5	470,4	-232,3	528,2

Note 5 - Business combinations

Business acquisitions in 2014

Hitramat Farming AS

On 1 October 2014 the Group agreed to purchase 51 per cent of the shares in Hitramat Farming AS. For accounting purposes the transaction is treated as a business takeover. The purpose of the acquisition is to secure SalMar's access to production licences. The allocation of consideration, which must be deemed final, is presented below.

The acquisition's effect on the balance sheet:	Book value	Fair value adjustments	Fair value
Intangible fixed assets	8,1	51,9	60,0
Current assets	31,1	-	31,1
Liquid assets	0,2	-	0,2
Deferred tax	-	-14,0	-14,0
Other liabilities	-34,9	-	-34,9
Net identifiable assets and liabilities	**4,5**	**37,9**	**42,4**
Kontantvederlag			-28,8
Non-controlling interests			-27,7
Goodwill			**14,0**

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	95,5	0,6	96,1
Other items in comprehensive income	58,8	-	58,8
Dividend received	-36,3	-	-36,3
Sale of assets	-	-	-
Closing balance 31.12.2014	**520,3**	**3,3**	**523,6**

Note 7 - Other financial items

-	4Q 2014	4Q 2013	YTD 2014	YTD 13
Unrealised gains TRS agreement	-	-	-	26,7
Gain on realisation of shares	-	59,5	-	254,4
Change in value of financial assets to fair value in profit and loss	-	-	-	82,8
Net interest expenses	-26,8	-38,1	-115,1	-158,1
Other net financial items	2,0	0,8	1,1	8,9
Total other financial items	-24,8	22,2	-114,0	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.