

Quarterly Report

First quarter 2014



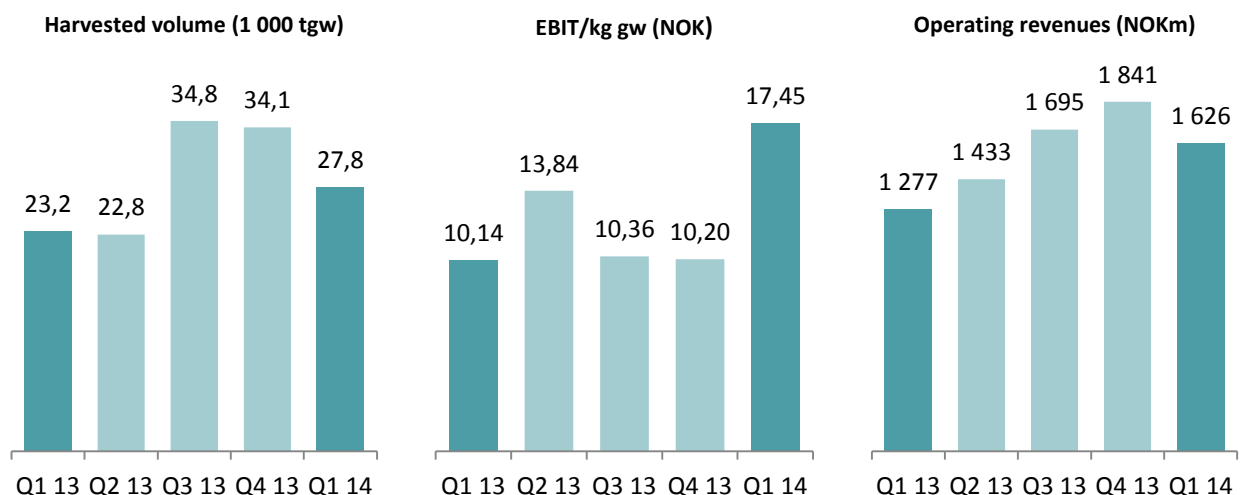
STRONG PERFORMANCE DRIVEN BY HIGH PRICES

HIGHLIGHTS IN THE FIRST QUARTER 2014

- High salmon prices resulted in revenue and profit hike.
- Operational EBIT reached a record NOK 485 million in the quarter, up from NOK 235 million in the first quarter 2013.
- Efforts to combat salmon lice and deal with outbreaks of PD increased costs during the period.
- Results for the Sales and Processing segment were negatively affected by a 35 per cent fixed-price contract rate.

KEY FIGURES – GROUP

NOK million	Q1 14	Q1 13	FY 2013
Operating revenues	1 626,2	1 276,7	6 245,9
Operational EBIT	485,2	234,9	1 259,5
Operational EBIT %	29,8%	18,4%	20,2%
Fair value adjustments	-184,3	64,0	528,2
Profit before tax	309,9	308,4	2 322,1
EPS	1,96	2,04	15,80
NIBD	1 506,8	2 631,1	1 772,4
Equity ratio %	54,0 %	41,4 %	51,0 %
Harvested volume (1000 tgw)	27,8	23,2	114,9
EBIT/kg gw (NOK)	17,45	10,14	10,96





FINANCIAL PERFORMANCE IN THE FIRST QUARTER

Revenues and results in the first quarter 2014

The SalMar Group harvested around 27,800 tonnes of fish in the first quarter 2014, down 6,300 tonnes from the previous quarter, but up just over 4,600 tonnes from the first quarter 2013.

Norskott Havbruk (Scottish Sea Farms) harvested a total of 7,300 tonnes. This is an increase of 600 tonnes from the fourth quarter 2013 and an increase of 800 tonnes from the corresponding quarter in 2013. SalMar owns 50 per cent of Norskott Havbruk.

Following a sharp rise towards the end of last year, prices fell gradually through the first quarter 2014. The price of salmon (NASDAQ Salmon Index) during the period averaged NOK 47.58 per kg, which despite the fall is NOK 5.56 per kg higher than in the previous quarter. Compared with the first quarter 2013, the average price was NOK 11.47 per kg higher.

The Group generated gross operating revenues of NOK 1,626.2 million in the first quarter 2014, compared with NOK 1,841.1 million in the previous quarter and NOK 1,276.7 million in the first quarter 2013.

The subsidiary Villa Organic and its underlying companies have been consolidated into the Group's accounts with effect from the third quarter 2013, and are reported as a separate segment. Villa Organic harvested a total of 6,700 tonnes during the period, up from 5,000 tonnes in the fourth quarter 2013.

Operational EBIT for the Group totalled NOK 485.2 million in the period, up from NOK 348.1 million in the fourth quarter 2013 and NOK 234.9 million in the first quarter 2013.

This gave the group an operational EBIT per kg of NOK 17.45, compared with NOK 10.20 per kg in the fourth quarter 2013 and NOK 10.14 in the corresponding quarter last year.

Please see the presentation of the various segments for further details of their operational EBITs.

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 for the quarter by NOK 184.3 million. The bulk of the decrease relates to the value of the biomass, which shrank by NOK 188.5 million as a result of the fall in prices through the quarter. The remaining fair value adjustments relate to changes in the value of unrealised Fish Pool contracts (down NOK 11.0 million) and unrealised forward currency contracts (up NOK 15.2 million).

In the first quarter 2013 fair value adjustments boosted profits by NOK 64 million. See Note 4 for further details.

Operating profit in the first quarter 2014 came to NOK 301.0 million, compared with NOK 298.9 million in the first quarter 2013.

The Group's share of the profit from associates totalled NOK 36.4 million during the period. The contribution derives entirely from SalMar's share of the profit from Norskott Havbruk. In the same period in 2013 associates contributed a total of NOK 40.0 million.

Other financial items were negative in the amount of NOK 27.5 million, and largely comprised net interest expenses. During the same period last year net other financial items totalled NOK -30.5 million. See Note 7 for further details.

A tax expense of NOK 73.0 million has been estimated for the first quarter, the same as in the corresponding period last year.

The Group made a net profit of NOK 236.9 million in the first quarter 2014, compared with NOK 235.4 million in the first quarter last year.

Cash flow

The SalMar Group generated a positive cash flow from operating activities of NOK 446.9 million during the quarter. The change from the profit before tax, which totalled NOK 309.9 million, is largely attributable to NOK 184.3 million in fair value adjustments and NOK 69.5 million in depreciation. At the same time, working capital increased by NOK 108.7 million. The bulk of the increase in working capital can be ascribed to reduced trade payables.

Net cash flow from investing activities came to NOK -136.1 million during the period. Payments are associated with the ongoing investment programme throughout the Group's value chain.

The Group's net cash flow from financing activities totalled NOK -294.4 million during the period. This was largely associated with the repayment of interest-bearing debt, which was reduced by NOK 261.6 million. Furthermore, interest totalling NOK 28.0 million net was paid during the quarter, while options worth NOK 4.9 million were redeemed.

As a result, SalMar's net cash flow totalled NOK 16.5 million, giving the Group total reserves of cash and cash equivalents of NOK 1,086.7 million at the close of the quarter.

Financial position

As at 31 March 2014, SalMar's total balance sheet stood at NOK 9,812.7 million, down from NOK 9,931.6 million at the close of 2013, but up from NOK 7,574.2 million one year earlier.

The book value of the Group's property, plant and equipment rose by NOK 74.4 million through the quarter to NOK 1,933.7 million. The increase is attributable to investments being higher than depreciation during the period.

As at 31 March 2013, the Group's combined current assets totalled NOK 4,968.0 million. This is NOK 231.5 million less than three months before. The value of the Group's biological assets has decreased both as a consequence of a



lower volume of live fish stocks (biomass), and a downward adjustment in their recognised fair value.

Compared with the corresponding quarter last year, the biomass measured by kg has increased by 30 percent, 16 per cent of which is due to the acquisition of Villa Organic.

Trade receivables fell slightly during the quarter, and the credit time remains fairly constant at around 37 days.

At the close of the period, the Group had total equity of NOK 5,294.9 million, which corresponds to an equity ratio of 54.0 per cent. See the statement of changes in equity for further details of developments in the quarter.

Interest-bearing debt totalled NOK 2,593.5 million at the close of the quarter. Of this amount, debt to credit institutions accounted for NOK 2,067.9 million, ordinary leasing liabilities NOK 212.3 million and leasing liabilities with respect to InnovaMar NOK 313.3 million. Short-term interest-bearing debt comprises the first year's instalments on long-term interest-bearing debt in the amount of NOK 218.0 million, and a short-term overdraft of NOK 25.7 million.

Corrected for cash reserves, this gives the Group a net interest-bearing debt of NOK 1,506.8 million as at 31 March 2014, a decrease of NOK 265.6 million from three months earlier.



OPERATIONAL PERFORMANCE IN THE FIRST QUARTER 2014

Fish farming – SalMar Central Norway

NOK million	Q1 14	Q1 13	2013
Operating revenues	448	643	2 702
Operational EBIT	191	210	924
Operational EBIT%	43 %	33 %	34 %
Harvested volume (1 000 tgw)	9.9	17.8	70.2
EBIT/kg gw (NOK)	19.35	11.81	13.17

SalMar Central Norway generated gross operating revenues of NOK 448.1 million in the first quarter 2014, down from NOK 643.3 million in the corresponding period the year before. The decrease is due solely to a reduction in the volume harvested.

A total of approx. 9,900 tonnes of salmon was harvested in the quarter, 7,900 tonnes, or 44 per cent, less than in the corresponding period the year before.

Operating profit per kg gutted weight in the quarter came to a solid NOK 19.35, up NOK 7.53 per kg from the first quarter 2013. The increase in profit is due to higher salmon prices than in the same period last year. The improvement is, however, less than the rise in prices would indicate.

Of the overall volume harvested, around 25 per cent was harvested in January, 25 per cent in February and 50 per cent in March. With falling prices through the quarter, this contributed to the reduction in the average price achieved.

Logistics and transport were once again a challenge during the quarter. Lower than normal volumes have reduced the well-boats' capacity utilisation and led to increased costs per kg. Furthermore, some of the volumes in the quarter derive from locations outside the PD zone, with resultant disinfection and dead-time costs.

The challenging salmon lice situation in the region continued in the first quarter, during which period SalMar increased the frequency and intensity of its delousing treatments. The level of salmon lice infestation is below the threshold for intervention, but increased resistance to treatment is a growing problem.

Operational performance and biological developments in the quarter do not give grounds for any change in the harvesting forecast of 73,000 tonnes for this segment in 2014 as a whole.

Fish farming – SalMar Northern Norway

NOK million	Q1 14	Q1 13	2013
Operating revenues	332	78	913
Operational EBIT	149	21	320
Operational EBIT%	45 %	26 %	35 %
Harvested volume (1 000 tgw)	7.1	2.3	23.8
EBIT/kg gw (NOK)	21.05	8.91	13.45

SalMar Northern Norway generated gross operating revenues of NOK 331.8 million in the first quarter 2014, up from NOK 77.5 million in the corresponding quarter last year.

Around 7,100 tonnes of salmon were harvested during the period, compared with 2,300 tonnes in the same period in 2013. Almost half of the overall volume was harvested in January, when prices were at their highest in the quarter. The remainder of the volume was equally distributed between February and March.

Operating profit per kg gutted weight totalled NOK 21.05 in the quarter, up more than NOK 12 from the first quarter 2013. The strong performance results from higher salmon prices and reduced underlying operating costs.

The segment did well during the quarter, with sound operational performance and good biological developments. The fish released into sea-pens in the spring of 2012 had all been harvested by the end of the quarter, and the harvesting of fish transferred to the sea in the autumn of 2012 had begun. This fish is being harvested at a lower average weight in order not to violate the stipulated maximum allowable biomass (MAB). Preliminary results show that the autumn-released fish have grown better than the spring fish. As a result, SalMar expects a slightly lower production cost per kg salmon in the time ahead.

The spread of salmon lice in the region has been increasing, and additional treatments have been carried out. The level is, however, well below applicable thresholds.

Operational challenges at one of the harvesting facilities used by the company in the region led to slightly higher harvesting costs during the period. This is, however, expected to be a temporary issue.

SalMar expects this segment to harvest around 38,000 tonnes of salmon in 2014 as a whole.



Fish farming – Rauma

NOK million	Q114	Q1 13	2013
Operating revenues	206	111	595
Operational EBIT	65	37	162
Operational EBIT%	32 %	33 %	27 %
Harvested volume (1 000 t _{gw})	4.1	3.1	14.9
EBIT/kg gw (NOK)	15.68	11.92	10.88

The Rauma segment generated gross operating revenues of NOK 206.0 million in the first quarter, compared with NOK 110.8 million in the corresponding period last year. The increase is attributable to a combination of higher salmon prices and a higher volume of salmon harvested.

Overall, the Rauma segment harvested approx. 4,100 tonnes in the quarter, compared with 3,100 tonnes in the first quarter 2013.

The harvested volume was relatively evenly distributed across the quarter, though with a slightly higher volume towards the end of the period. This was unfavourable with respect to price developments through the quarter.

Around 50 per cent of the volume harvested in the quarter was organic salmon, fish which normally incur a higher production cost but also command a higher price than conventional salmon. The bulk of the fish is sold under fixed-price contracts, which is a disadvantage in periods of rising spot prices. At the same time the price premium for organic salmon normally shrinks when spot prices reach high levels, as was the case in the first quarter.

Operating profit per kg gutted weight came to NOK 15.68 in the period, up from NOK 11.92 per kg in the first quarter 2013.

Biologically, the Rauma segment has experienced challenges with respect to PD-infected fish. Furthermore, the volumes harvested in the first quarter came largely from fish transferred to the sea in the spring of 2012, which was a particularly challenging generation, with a high underlying production cost. Moving forward, the segment will be harvesting fish transferred to the sea in the autumn of 2012, which has a significantly lower underlying cost.

The lice situation remains challenging for the segment, and a higher number of delousing treatments have raised cost levels during the quarter.

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

Villa Organic

SalMar controls 50.4 per cent of the shares in Villa Organic. The company has been consolidated into the Group's accounts since 30 June 2013. The figures for 2013 as a whole in the table below therefore reflect the figures relevant to SalMar's financial statements. In contrast to the other segments, therefore, the present period is compared with the fourth quarter 2013.

NOK million	Q114	Q413	2013
Operating revenues	312	232	315
EBIT	120	61	54
EBIT%	38%	26%	17%
Harvested volume (1 000 t _{gw})	6.7	5.0	6.1
EBIT/kg gw (NOK)	17.92	12.18	8.95

Villa Organic generated gross operating revenues of NOK 312.11 million during the quarter, up NOK 80.0 million from the previous quarter.

The volume harvested rose from 5,000 tonnes in the previous quarter to 6,700 tonnes in the first quarter 2014. The volume was evenly distributed across the quarter.

Operating profit per kg gutted weight totalled NOK 17.92 in first quarter, up from NOK 12.18 per kg in the fourth quarter 2013.

Costs continued to fall during the quarter, and the biological development of the fish in the sea was good.

The demerger process is continuing in accordance with the previously announced plan.

Villa Organic expects to harvest around 11,000 tonnes in the first half of 2014.

Sales and Processing

NOK million	Q114	Q1 13	2013
Operating revenues	1 387	1 325	6 047
Operational EBIT	-28	-31	-161
Operational EBIT%	-2 %	-2 %	-3 %

The Sales and Processing segment generated gross operating revenues of NOK 1,387.2 million in the quarter, marginally up from the NOK 1,325.0 million achieved in the corresponding period last year. The segment sells the harvested volume of the entire group, apart from Villa Organic.

The segment made an operating loss of NOK 28.1 million in the period, compared with a loss of NOK 30.9 million in the first quarter 2013.

The results in the quarter were substantially weakened by the fact that around 35 per cent of the overall volume was sold under fixed-price contracts. Apart from this, performance in the spot market was good, with favourable dispositions and high prices achieved in the quarter.

The ability to keep PD-infected fish in holding pens has considerably improved the harvesting business's efficiency. However, the lower volumes from SalMar Central Norway reduced capacity utilisation, such that fixed costs per kg have increased. A total of 23,368 tonnes of fish were harvested in the period, down from 30,262 tonnes in the previous quarter. A total of 10,186 tonnes of third-party fish were harvested during the period.

The lower volumes also affected the efficiency of secondary processing operations, which continue to struggle to cover their capacity costs.



Eliminations

R&D costs have been included under eliminations in the segment reports with effect from the fourth quarter 2013. Of a total harvested volume of 27,800 tonnes in the quarter, R&D costs accounted for NOK 0.30 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 are for the company as a whole.

NOK million	Q114	Q113	2013
Operating revenue	391	289	1 189
Operational EBIT	87	39	221
Operational EBIT%	22%	13%	19%
Fair value adj. biomass	1.1	22.7	57
Profit before tax	91	60	267
SalMar's share after tax	36	22	101
Harvested volume (1 000 t _{gw})	7.3	6.5	26.9
EBIT/kg gw (NOK)	12.00	5.95	8.23

Norskott Havbruk achieved record results in the first quarter 2014, with operating revenues of NOK 391.0 million, compared with NOK 289.1 million in the same quarter last year.

Norskott harvested a total of 7,300 tonnes of fish during the quarter, an increase of 800 tonnes compared with the same period the year before. SalMar's share of the volume harvested totalled 3,630 tonnes.

46 per cent of the volume harvested in the quarter was sold under contract.

Operating profit per kg gutted weight totalled NOK 12.00 during the period, up from NOK 9.15 per kg in the previous quarter and NOK 5.95 in the first quarter last year.

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

Other events

On Friday, 28 March it was announced that SalMar Farming AS had been awarded eight of a total of 15 so-called green licences in Group B. The award is independent of county or region. The licences were awarded on the basis of an auction, in which SalMar's bids ranged from NOK 55 million to NOK 66 million per licence. SalMar must pay a total of NOK 494 million for the eight licences.

New licences will be put into operation as quickly as possible. Depending on the date granted, they could affect harvested volumes as early as the second half of 2014.

Events after the balance sheet date

On Friday, 11 April, the Norwegian Directorate of Fisheries, through its 'Technical Group for the Awarding of Green Licences', announced the award of licences in Group A (Troms and Finnmark). All 10 of SalMar's licence applications in this group were rejected.

The applications met the criteria stipulated in the regulations for the competition, but were nevertheless unsuccessful. SalMar has requested a deferral of the deadline for lodging a formal complaint, and for insight into the technical group's assessment. SalMar will appeal the rejection of its applications for licences in Group A.

Markets

Volume

The global supply of Atlantic salmon totalled approx. 500,300 tonnes in the first quarter 2014, up 4 per cent on the first quarter 2013.

Output in Norway rose by 2 per cent to 262,200 tonnes during the period. Output in the UK rose by 5 per cent to 33,100 tonnes, while output in North America fell by 27 per cent to 26,200 tonnes.

Chile continues its strong growth, though at a steadily slower rate compared with recent quarters. In the first quarter 2014 output of Atlantic salmon was 19 per cent higher than in the corresponding period the year before, ending at 145,300 tonnes. Fish farmers in the Faeroes produced a combined total of 17,500 tonnes in the quarter, down 1 per cent from the first quarter 2013.

Exports of Atlantic salmon from Norway totalled some 253,000 tonnes round weight in the quarter, an increase of approx. 6,000 tonnes or 3 per cent compared with the first quarter 2013. However, strong price rises have led to a substantial rise in the value of these exports measured in NOK. In the first quarter 2014 Norway exported salmon worth around NOK 10.7 billion, up from NOK 8.1 billion in the same period last year, an increase of 32 per cent.

In total, Norway exported 174,000 tonnes of salmon to the EU during the period, a rise of 3 per cent compared with the corresponding period in 2013. However, developments in the main markets varied.

Exports to France fell by 12 per cent to 30,800 tonnes in the quarter, while exports to Russia fell by a substantial 20 per cent to 22,600 tonnes. Exports to Poland closed at 31,000 tonnes in the quarter, down 4 per cent compared with the same period last year.

Exports to Denmark, on the other hand, rose by 10 per cent compared with the same quarter last year to 16,800 tonnes.

In the UK the positive trend seen in the previous quarter continued. Compared with the same period the year before, exports rose by 21 per cent to 16,900 tonnes. Exports to the Spanish market increased only slightly (up 3 per cent), ending at 11,400 tonnes.



Prices and exchange rates

Following a sharp rise in the latter part of 2013, salmon prices fell gradually through the first quarter this year. Nevertheless, price levels remain considerably higher than in previous quarters.

The price of salmon (NASDAQ Salmon Index) for the first quarter 2014 averaged NOK 47.58 per kg, compared with NOK 42.02 per kg in the fourth quarter 2013 and NOK 36.11 in the first quarter 2013.

The rate of exchange between the NOK and key foreign currencies remained relatively stable through the quarter. Compared with the previous quarter the value of the NOK fell by 1.25 per cent against the EUR, by 0.62 per cent against the USD and by 2.78 per cent against the GBP.

Compared with the first quarter last year, however, the NOK has fallen by 12.33 per cent, 8.3 per cent and 15.58 per cent respectively against the same currencies.

Any weakening of the NOK against the major trading currencies can lead to a slight increase in salmon prices measured in NOK and vice versa.

Biomass

At the close of the first quarter 2014 Norway had a standing biomass of 644,100 tonnes round weight. This is 9 per cent higher than at the same point the year before, when the overall biomass totalled 590,200 tonnes round weight. At the close of the previous quarter, Norway's combined biomass stood at 694,400 tonnes round weight.

As at 31 March 2014 the overall biomass in the UK had increased by 7 per cent to 82,100 tonnes round weight compared with the same date the year before, while in Chile it had risen by 6 per cent to 290,000 tonnes round weight. The overall biomass in the Faeroes is put at an estimated 38,700 tonnes at the close of the quarter, an increase of 10 per cent from a year before.

Shares and shareholders

At the end of December 2013 SalMar had a total of 113,299,999 shares outstanding, divided between 3,100 shareholders.

The company has a dominant shareholder, Kverva AS, which owns 53.4 per cent of the company's shares. The company's 20 largest shareholders own a total of 76.69 per cent of the shares. SalMar ASA is the company's seventh largest shareholder, with 1.3 million shares or 1.15 per cent as at 31 March 2014.

SalMar's share price during the period fluctuated between NOK 71.75 and NOK 85.75, which was the quarter's closing

price. The share price at the close of the previous quarter was NOK 74.00.

Outlook

The global supply of Atlantic salmon increased by approx. 4 per cent in the first quarter 2014. The rate of growth is expected to intensify as the year progresses. For 2014 as a whole output of Atlantic salmon is expected to rise by around 7 per cent to 2,182,000 tonnes. However, new forecasts indicate that the upturn will be short-lived, with growth from 2014 to 2015 practically at the zero mark.

Output from Norway in the first quarter was 2 per cent up on the same period last year, ending the period at 262,200 tonnes. For the year as a whole, output from Norway is expected to grow by around 7 per cent to 1,224,800 tonnes. In contrast, output of Atlantic salmon is forecast to rise by just 1 per cent in 2015.

In Chile, too, the first quarter 2014 saw relatively strong growth in output, which increased by 19 per cent compared with the same period last year. However, the rate of growth is expected to fall off sharply through the year, with output in the fourth quarter forecast to be marginally lower than in the corresponding period last year. Overall growth for 2014 is estimated at 9 per cent, while output of salmon from Chile in 2015 is expected to fall by 5 per cent.

In the other regions, only minor adjustments in output tonnage are anticipated.

Fish Pool forward prices as at mid-May indicate an average salmon price for June of NOK 38.70/kg. Forward prices for the third and fourth quarters indicate prices of NOK 36.50/kg and NOK 38.20/kg respectively. Fish Pool's forward price for 2015 as a whole is NOK 38.75.

SalMar considers its biological situation to be challenging. The growing intensity of salmon lice infestation and increasing resistance to treatment that we are anticipating could affect fish growth rates and harvesting plans in coming quarters, with attendant consequences for costs.

The current average weight of the fish transferred to the sea in the spring of 2013 is lower than the corresponding 2012 generation had at the same point last year. Although this will have an impact on the volume harvested in the coming quarter, the overall level is still expected to be slightly higher than in the first quarter.

The Group anticipates that contract sales will account for around 40 per cent of its volume in the coming quarter.

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



INCOME STATEMENT

NOK million	1Q 14	1Q 13	FY 2013
Operating income	1 626,2	1 276,7	6 245,9
Cost of goods sold	655,4	630,3	3 051,2
Payroll expenses	168,9	130,7	623,1
Other operating expenses	247,2	233,6	1 086,3
EBITDA	554,8	282,1	1 485,3
Depreciations	69,5	47,2	225,8
Operational EBIT	485,2	234,9	1 259,5
Fair value adjustment	-184,3	64,0	528,2
Particular biological events	-	-	-
Non-recurring gains on aquisition	-	-	161,8
Operational profit	301,0	298,9	1 949,4
Income from investments in associates	36,4	40,0	158,0
Other financial items	-27,5	-30,5	214,7
Profit before tax	309,9	308,4	2 322,1
Tax	73,0	73,0	418,7
Net profit for the period	236,9	235,4	1 903,4
<i>Items to be reclassified to profit and loss in subsequent periods:</i>			
Change in translation diff. associates, net tax	-2,0	2,2	73,4
Change in translation diff. Subsidiaries, net tax	-0,3	-0,2	-0,2
Change in fair value of currency instruments	-	-	1,2
<i>Items not to be reclassified to profit and loss in subsequent periods:</i>			
Share of other comprehensive income of associates	-	-	-
Recalculation pension obligations	-	-	0,2
Total comprehensive income	234,5	237,4	1 978,0
Non-controlling interests share of result	14,7	4,6	113,3
Controlling interests share of result	222,2	230,7	1 790,0
Earnings per share (NOK)	1,96	2,04	15,80
Earnings per share - diluted	1,96	2,04	15,80



BALANCE SHEET – GROUP

NOK million	31.03.2014	31.03.2013	31.12.2013
ASSETS			
Intangible fixed assets	2 467,7	2 134,7	2 464,1
Tangible fixed assets	1 933,7	1 269,6	1 859,3
Financial fixed assets	443,3	1 014,6	408,8
Total fixed assets	4 844,7	4 418,9	4 732,2
Inventory	3 034,1	2 258,6	3 248,7
Accounts receivables	649,0	634,6	662,1
Other short-term receivables	198,1	199,0	217,6
Cash and cash equivalents	1 086,7	63,0	1 071,0
Total current assets	4 968,0	3 155,2	5 199,4
TOTAL ASSETS	9 812,7	7 574,2	9 931,6
EQUITY AND LIABILITIES			
Paid-in equity	476,6	493,8	476,6
Reserves	4 465,9	2 613,5	4 246,4
Minority interests	352,5	28,6	337,8
Total equity	5 294,9	3 135,9	5 060,8
Provisions for liabilities	1 271,7	945,5	1 199,6
Int. bearing long-term liabilities	2 349,8	2 163,4	2 446,2
Total long-term liabilities	3 621,5	3 108,9	3 645,8
Int. bearing short-term liabilities	243,7	530,7	397,2
Other short-term liabilities	652,6	798,7	827,8
Total short-term liabilities	896,3	1 329,3	1 225,0
TOTAL EQUITY AND LIABILITIES	9 812,7	7 574,2	9 931,6
Net interest bearing debt	1 506,8	2 631,1	1 772,4
Equity share	54,0 %	41,4 %	51,0 %



STATEMENT OF CASH FLOW

NOK million	1Q 14	1Q 13	FY 2013
Profit before tax	309,9	308,4	2 322,1
Tax paid in period	-1,4	-2,3	-6,5
Depreciation	69,5	47,2	225,8
Share of profit/loss from associates	-36,4	-40,0	-158,0
Realized and unrealized gains on financial assets	-	-	-341,8
Non-recurring gains on acquisitions	-	-	-161,8
Change in fair value adjustments	184,3	-64,0	-528,2
Change in working capital	-108,7	-59,8	-417,6
Other changes	29,8	38,3	172,0
Net cash flow from operating activities	446,9	227,7	1 106,0
Net cash flow from investing activities	-136,1	-49,4	698,7
Change in interest-bearing debt	-261,6	-125,7	-540,8
Dividend paid out	-	-	-0,1
Buy-out of non-controlling interest	-	-	-70,4
Interest paid	-28,0	-44,8	-158,1
Other changes	-4,9	-	-20,6
Net cash flow from financing activities	-294,4	-170,4	-790,0
Net change in cash for the period	16,5	7,9	1 014,6
Foreign exchange effects	-0,7	-0,2	1,1
Cash in the beginning of the period	1 071,0	55,3	55,3
Cash at the end of the period	1 086,7	63,0	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						222,2	14,7	236,9
Comprehensive income					-0,3	-2,0	0,0	-2,3
Total comprehensive income for the year	0,0	0,0	0,0	0,0	-0,3	220,2	14,7	234,5
Transactions with shareholders								
Other changes						-0,4		-0,4
Sum transactions with shareholders	0,0	0,0	0,0	0,0	0,0	-0,4	0,0	-0,4
Equity as at 31.03.14	28,3	-0,3	415,3	32,8	0,8	4 465,5	352,5	5 294,9

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 year	0,0	0,0	0,0	0,0	1,1	1 863,6	113,3	1 978,0
Transactions with shareholders								
Options granted				1,3				1,3
Options reclassification				-18,4		1,2		-17,2
Access non-controlling interests						0,0	201,1	201,1
Buyout of non-controlling interests						42,5	-112,9	-70,4
Other changes						0,4		0,4
Sum transactions with shareholders	0,0	0,0	0,0	-17,1	0,0	44,0	88,2	115,1
Equity as at 31.12.12	28,3	-0,3	415,3	32,8	1,1	4 245,7	337,8	5 060,8



SEGMENTS

	Farming Central-Norway	Farming Northern-Norway	Farming Rauma	Villa	Sales and Processing	Elim.	Group
1Q 14							
Operating income (mill.)	448,1	331,8	206,0	312,1	1 387,2	-1 059,0	1 626,2
Operational EBIT (mill.)	190,9	149,3	65,0	120,1	-28,1	-11,9	485,2
Operational EBIT %	42,6 %	45,0 %	31,6 %	38,5 %	-2,0 %		29,8 %
Harvested volume (1,000 tgw)	9,9	7,1	4,1	6,7			27,8
EBIT/ kg gw (NOK)	19,35	21,05	15,68	17,92			17,45
1Q 13							
Operating income (mill.)	643,4	77,5	110,8		1 325,0	-880,0	1 276,7
Operational EBIT (mill.)	209,9	20,5	36,8		-30,9	-1,5	234,9
Operational EBIT %	32,6 %	26,4 %	33,3 %		-2,3 %		18,4 %
Harvested volume (1,000 tgw)	17,8	2,3	3,1				23,2
EBIT/ kg gw (NOK)	11,81	8,91	11,92				10,14
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

	1Q 14	1Q 13	FY 2013
Number of shares - end of period (mill.)	113,3	113,3	113,3
Earnings per share (NOK)	1,96	2,04	15,80
Earnings per share - diluted (NOK)	1,96	2,04	15,80
EBITDA %	34,1 %	22,1 %	23,8 %
Operational EBIT %	29,8 %	18,4 %	20,2 %
EBIT %	18,5 %	23,4 %	31,2 %
Profit before tax %	19,1 %	24,2 %	37,2 %
Cash flow per share - diluted (NOK)	3,94	2,01	9,76
Net interest bearing debt (mill.)	1 506,8	2 631,1	1 772,4
Equity ratio %	54,0 %	51,0 %	51,0 %

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

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

Earnings before tax % = Earnings before tax/ operating income

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

Equity ratio = Equity/ total assets



NOTES TO THE FINANCIAL STATEMENTS

1. Accounting principles

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

This interim report has not been subject to external audit.

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

IFRS 10 – Consolidated Financial Statements

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

IFRS 11 – Joint Arrangements

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

IFRS 12 – Disclosure of Interests in Other Entities

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

2. The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA AS	60 500 000	53,40 %
FOLKETRYGDFONDET	9 352 326	8,25 %
PARETO AKSJE NORGE	3 223 998	2,85 %
LIN AS	2 005 200	1,77 %
ODIN NORGE	1 635 467	1,44 %
PARETO AKTIV	1 359 160	1,20 %
SALMAR ASA	1 300 000	1,15 %
VERDIPAPIRFONDET DNB NORGE SELEKT	871 563	0,77 %
PENSATO CAPITAL FUNDS	698 510	0,62 %
VERDIPAPIRFONDET DNB NORGE (IV)	674 192	0,60 %
PARETO VERDI	613 976	0,54 %
J.P. MORGAN CHASE BANK N.A. LONDON	598 729	0,53 %
EUROCLEAR BANK S.A./N.V. ('BA')	566 845	0,50 %
STOREBRAND NORGE I	555 311	0,49 %
DELPHI NORGE	520 000	0,46 %
STOREBRAND VERDI	506 227	0,45 %
THE BANK OF NEW YORK MELLON	500 000	0,44 %
KLP AKSJE NORGE INDEKS VPF	497 024	0,44 %
FORSVARETS PERSONELLSERVICE	493 900	0,44 %
VERDIPAPIRFONDET DNB SMB	422 500	0,37 %
Top 20	86 894 928	76,69 %
Others	26 405 071	23,31 %
Total	113 299 999	100,00 %



3. Inventory and Biological Assets (biomass)

Book value of inventory	31.03.2014	31.03.2013	31.12.2013
Raw materials	82,9	65,1	89,8
Biological assets	2 850,5	2 032,0	3 077,2
Finished goods	100,7	161,5	81,7
Total	3 034,1	2 258,6	3 248,7

Fair value adjustment of biological assets	31.03.2014	31.03.2013	31.12.2013
Historic cost	2 164,2	1 624,2	2 202,3
Fair value adjustment of the biomass	686,4	407,8	874,8
Book value	2 850,5	2 032,0	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:

	1Q 2014	1Q 2013	YTD 13
Change in fair value of the biomass	-188,5	139,5	529,4
Change in provisions for onerous contracts	-	-55,1	-1,8
Unrealised change in value of fish-pool contracts	-11,0	-2,1	13,7
Unrealised change in value of forward currency contracts	15,2	-18,3	-13,2
Fair value adjustments recognised in profit and loss	-184,3	64,0	528,2



Note 5. Business combinations

Business acquisitions in 2014

The SalMar Group has not made any business combinations in Q1 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 acquisition 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.

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

Note 6 - Financial assets - Associates

Companies recognised in accordance with the equity method	Norskott	Others	TOTAL
Opening balance 31.12.2013	402,3	0,1	402,4
Acquisition of shares/contribution	-	-	-
Share of year's profit/loss	36,4	-	36,4
Other items in comprehensive income	-2,0	-	-2,0
Dividend received	-	-	-
Sale of assets	-	-	-
Closing balance 31.03.2014	436,7	0,1	436,7

Note 7- Other financial items

	1Q 2014	1Q 2013	YTD 13
Unrealised gains TRS agreement	-	13,6	26,7
Gain on realisation of shares	-	0,5	254,4
Change in value of financial assets to fair value in profit and loss	-	-	82,8
Net interest expenses	-28,0	-45,2	-158,1
Other net financial items	0,5	0,7	8,9
Total other financial items	-27,5	-30,5	214,7