

Quarterly Report

First quarter 2016



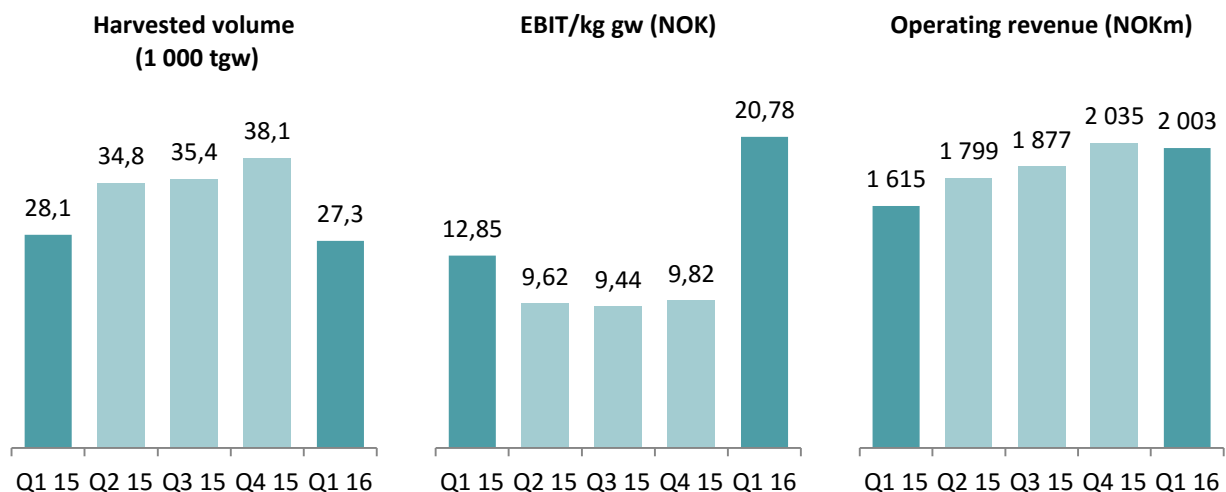
HIGH SALMON PRICES PRODUCED RECORD PROFITS

HIGHLIGHTS IN THE FIRST QUARTER 2016

- High salmon prices resulted in revenue growth and record profits in the quarter.
- The biological situation continued to drive up costs.
- 55 per cent of the harvested volume was sold under contract, with a negative impact on profits.
- Capacity to handle the sea lice situation was strengthened.

KEY FIGURES - GROUP

NOK million	Q1 16	Q1 15	2015
Operating revenue	2 003.3	1 615.0	7 326.2
Operational EBIT	566.5	360.8	1 403.9
Operational EBIT %	28.3%	22.3%	19.2%
Fair value adjustments	168.0	-59.5	39.9
Share of profit/loss from associates	57.8	16.1	40.2
Profit before tax	780.2	295.3	1 383.7
EPS	5.24	1.93	9.83
NIBD	1 929.6	1 757.5	2 628.1
Equity ratio %	52.1 %	55.6 %	47.8 %
Harvested volume (1 000 t _{gw})	27.3	28.1	136.4
EBIT/kg gw (NOK)	20.78	12.85	10.29





FINANCIAL PERFORMANCE

SalMar is one of the world's leading producers of farmed salmon. Since its establishment in 1991, growth has been accompanied by excellent financial results. Historically, the company has focused on cost leadership. Although this objective remains unchanged, the company also wishes to intensify its focus on performance, and make SalMar outstanding in all areas and at all stages of production.

The aquaculture industry is developing rapidly, and the potential for further growth is substantial. SalMar is unequivocal in its belief that further growth must be sustainable: environmentally, socially and financially.

Revenues and results in the first quarter 2016

The SalMar Group harvested 27,300 tonnes of salmon in the first quarter 2016, compared with 38,100 tonnes in the previous quarter and 28,100 tonnes in the first quarter 2015.

Norskott Havbruk (Scottish Sea Farms) harvested a total of 7,000 tonnes in the quarter. This is 700 tonnes more than in the previous quarter and 1,400 tonnes more than in the first quarter 2015. SalMar owns 50 per cent of Norskott Havbruk.

The market for Atlantic salmon has been tight, with consequently high prices, over a long period. Prices continued to rise in the first quarter 2016, reaching record highs in excess of NOK 65 per kg.

The average price of salmon (NASDAQ Salmon Index) for the first quarter as a whole came to NOK 58.85 per kg. This is up from NOK 45.28 per kg in the previous quarter and from NOK 41.12 per kg in the first quarter 2015.

SalMar's gross operating revenues for the first quarter 2016 totalled NOK 2,003.3 million, compared with NOK 2,035.2 million in the fourth quarter last year and NOK 1,615.0 million in the first quarter 2015.

The Group achieved an Operational EBIT of NOK 566.5 million in the period, up from NOK 374.3 million in the previous quarter and from NOK 360.8 million in the first quarter last year.

For the Group as a whole, this gives an Operational EBIT per kg of NOK 20.78, compared with NOK 9.82 per kg in the fourth quarter last year and NOK 12.85 per kg in the first quarter 2015.

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 boosted the recognised operating profit by NOK 168.0 million in the quarter. The value of the standing biomass rose by NOK 150.6 million in the quarter, while the change in unrealised losses on contracts, financial Fish Pool contracts and currency positions increased profits by NOK 17.4 million. See Note 4 for further details.

As a result, operating profit for the first quarter 2016 totalled NOK 734.5 million, compared with NOK 301.3 million in the first quarter 2015. Operating profit in the first quarter 2015 was negatively affected by fair value adjustments totalling NOK 59.5 million.

SalMar's share of the profit/loss from associates came to NOK 57.8 million in the period. The amount derives almost entirely from the Group's share of the profit from Norskott Havbruk. In the first quarter 2015 associates contributed NOK 16.1 million.

Net interest expenses totalled NOK 25.4 million in the period, while net other financial items were positive in the amount of NOK 13.3 million. Profit before tax in the period therefore came to NOK 780.2 million.

In the first quarter 2015, the result included net interest expenses totalling NOK 23.4 million, while net other financial items were positive in the amount of NOK 1.3 million. Consequently, profit before tax in the period came to NOK 295.3 million. See Note 7, *Net Financial Items*, for further details.

The tax expense in the period is calculated at NOK 175.6 million, such that the Group's net profit for the first quarter 2016 totalled NOK 604.6 million.

In the first quarter 2015, the tax expense was calculated at NOK 77.1 million, with net profit totalling NOK 218.2 million.

Cash flow

The SalMar Group generated a positive cash flow from operating activities of NOK 1,000.7 million in the first quarter 2016. The strong cash flow is attributable to substantial operating revenues combined with a release of working capital.

Net cash flow from investing activities came to NOK -276.8 million during the period. The bulk of the outgoing relates to investments in operating assets. NOK 65.5 million of this relates to the Group's offshore fish farming concept (Ocean Farming), NOK 68.8 million to investments in smolt production facilities, while 36.1 million relates to investments in delousing equipment. Other investments relate to ongoing investment programmes throughout the Group's entire value chain.

The Group's net cash flow from financing activities was negative in the amount of NOK 787.6 million during the period. This is largely attributable to a NOK 762.2 million reduction in interest-bearing debt. In addition, net interest payments totalled NOK 25.4 million in the quarter.

This gave SalMar a net cash flow of NOK -63.7 million in the first quarter 2016, such that the Group's overall holding of cash and cash equivalents at the close of the period totalled NOK 210.0 million.



Financial position

As at 31 March 2016, SalMar's balance sheet totalled NOK 11,118.0 million, compared with NOK 10,943.5 million at the close of 2015, and NOK 9,678.5 million at the close of the first quarter last year.

The book value of the Group's property, plant and equipment rose by NOK 172.3 million through the period to NOK 2,584.3 million. Investments are being made as planned. These largely relate to site investments, the expansion of smolt capacity and preparations for the construction of the planned offshore fish farming installation. Investments have also been made to improve the company's capacity for mechanical delousing.

At the close of the quarter, the Group had current assets worth NOK 4,972.1 million, marginally less than the NOK 4,981.8 million three months earlier.

The value of inventory rose by NOK 79.8 million during the quarter. The volume of fish held in sea farms decreased in the quarter, and the cost of the standing biomass rose slightly. In all, production costs rose by NOK 17.6 million during the period. The fair value of the biomass increased by NOK 150.6 million as a result of higher market prices.

Trade receivables decreased by NOK 81.5 million to NOK 734.0 million, while other current receivables rose by NOK 55.7 million to NOK 314.0 million. At the close of the quarter, SalMar had cash holdings of NOK 210.0 million.

The Group's total equity came to NOK 5,789.5 million at the close of the quarter, which corresponds to an equity ratio of 52.1 per cent. See the separate statement of movements in equity for details of changes in the quarter.

Interest-bearing debt totalled NOK 2,139.6 million at the close of the period. Of this amount, debt to credit institutions accounted for NOK 1,728.2 million, ordinary leasing liabilities accounted for NOK 84.1 million, while leasing liabilities relating to InnovaMar accounted for NOK 318.8 million. Short-term interest-bearing debt in the amount of NOK 140.4 million comprises the first year's instalment on long-term interest-bearing debt.

Corrected for cash holdings, this gave the Group a net interest-bearing debt of NOK 1,929.6 million, a decrease of NOK 698.5 million from three months before.



OPERATIONAL PERFORMANCE

With effect from the first quarter 2016, the Rauma segment will be included in Fish Farming Central Norway, such that the two segments are reported together. Note 9 contains a presentation of comparable historic figures.

Fish farming – Central Norway

NOK million	Q1 16	Q1 15	2015
Operating revenues	844	821	3 942
Operational EBIT	351	244	948
Operational EBIT %	42%	30%	24%
Harvested volume (1 000 tgw)	14.4	20.3	96.9
EBIT/kg gw (NOK)	24.41	12.02	9.78

SalMar's Central Norway segment harvested a total of 14,400 tonnes of salmon in the first quarter 2016, compared with 20,300 tonnes in the corresponding period last year. Significantly higher salmon prices produced operating revenues of NOK 844.3 million in the period, up from NOK 821.2 million in the first quarter 2015.

Salmon lice numbers were higher than normal in the quarter, which resulted in high direct delousing costs. Additional handling of the fish also affects costs indirectly through increased mortality and reduced growth.

The health status of some of the biomass has been weaker than before. Out of consideration for fish welfare, therefore, SalMar has elected to bring forward the harvesting of this portion of the biomass. This results in lower harvested weight, higher costs per kg and lower prices achieved.

SalMar has strengthened its capacity to handle the salmon lice situation. Substantial amounts have been invested in mechanical delousing methods, which are expected to have a positive effect in the time ahead.

During the quarter, the former Rauma segment harvested out its entire stock of conventional salmon. From now on, the region will produce organic salmon. Organic salmon accounted for 14 per cent of the segment's overall volume in the quarter.

Organic salmon commands a price premium compared with conventional salmon. However, record-high spot prices for conventional salmon have substantially reduced this premium. Given that production of organic salmon is more expensive than conventional salmon, earnings have been weaker.

The segment achieved an operating profit per kg gutted weight of NOK 24.41 in the quarter, up from NOK 9.83 per kg in the previous quarter and from NOK 12.02 per kg in the first quarter 2015.

The biological situation in the region remains challenging, particularly following an outbreak of infectious salmon anaemia (ISA).

ISA is discussed specifically under *Events After the Balance Sheet Date* on page 7.

The Central Norway segment is expected to harvest around 81,000 tonnes of salmon in 2016 as a whole. The total volume harvested in 2015 was 96,900 tonnes.

Fish farming – Northern Norway

NOK million	Q1 16	Q1 15	2015
Operating revenues	739	306	1 647
Operational EBIT	372	90	506
Operational EBIT %	50%	29%	31%
Harvested volume (1 000 tgw)	12.9	7.8	39.5
EBIT/kg gw (NOK)	28.85	11.55	12.81

SalMar's Northern Norway segment harvested around 12,900 tonnes of salmon in the first quarter 2016. This is 1,200 tonnes less than in the previous quarter, but just under 5,100 tonnes more than in the same period last year. The volume harvested was relatively evenly distributed throughout the period.

The segment generated gross operating revenues of NOK 739.1 million in the first quarter 2016, compared with NOK 306.2 million in the corresponding period in 2015. The increase is attributable to a higher volume harvested and higher prices.

The quality of 8 per cent of the fish harvested in the quarter was downgraded, which resulted in lower prices. This affected the overall price achieved in the quarter.

Operating profit per kg came to NOK 28.85 in the period, up from NOK 17.84 per kg in the fourth quarter last year and from 11.55 per kg in the first quarter 2015.

The region's overall biological situation is good, with resultant strong fish growth.

The cost of the harvested biomass is expected to remain stable in the coming quarter.

The Northern Norway segment is expected to harvest around 50,000 tonnes in 2016 as a whole. The total volume harvested in 2015 was 39,500 tonnes.



Sales and Processing

NOK million	Q1 16	Q1 15	2015
Operating revenues	1 803	1 605	7 295
Operational EBIT	-133	46	73
Operational EBIT %	-7%	3%	1%

The Sales and Processing segment generated gross operating revenues of NOK 1,802.9 million in the first quarter 2016. This is down from NOK 2,031.6 million in the previous quarter, but up from NOK 1,604.6 million in the first quarter 2015.

The segment sells the Group's entire harvested volume, apart from that deriving from joint operations with Lerøy in Finnmark. In the first quarter 2016, this totalled 1,260 tonnes.

The segment made an operating loss of NOK 133.3 million, compared with a loss of NOK 45.4 million in the previous quarter and a profit of NOK 45.6 million in the first quarter 2015.

The weak result is largely attributable to the fact that 55 per cent of the harvested volume was sold under contract at prices well below the average spot price for the period.

The biological challenges experienced by the Group's fish farming operations also have repercussions for the sales and processing businesses. Quality downgrades and non-standard sizes have a negative impact on operational efficiency. These factors have also contributed to lower prices being achieved by the sales business.

The processing business handled 7,300 tonnes in the quarter, a relatively high figure given that the first quarter is a low season. However, processing activities were negatively affected by record-high raw materials prices.

A total of 21,700 tonnes was harvested on InnovaMar in the first quarter 2016, down 8,500 tonnes from the previous quarter and 7,100 tonnes from the first quarter last year. A total of 8,180 tonnes of externally sourced fish was harvested during the period.

As a result of seasonal variations, the harvesting business has a lower level of activity in the first quarter. This results in lower capacity utilisation, with a corresponding increase in unit costs.

Around 50 per cent of the volume harvested is expected to be sold under contract in the second quarter 2016.

Eliminations

With effect from the fourth quarter 2013, research and development (R&D) costs have been included as eliminations in the segments' reported results. Of a total volume of 27,800 tonnes harvested during the quarter, R&D costs accounted for NOK 0.22 per kg.

Associates

Norskott Havbruk

Norskott Havbruk is recognised as an associate, with SalMar's share (50 per cent) of the company's profit/loss after tax (and fair value adjustment of the biomass) being recognised as financial income. The figures in the table below reflect the company's overall performance.

NOK million	Q1 16	Q1 15	2015
Operating revenues	422	325	1 498
Operational EBIT	81	43	122
Operational EBIT %	19%	13%	8%
Fair value adj. biomass	54	1	-24
Profit before tax	132	42	90
SalMar's share after tax	58	16	41
Harvested volume (1 000 tgw)	7.0	5.6	27.0
EBIT/kg gw (NOK)	11.57	7.72	4.50

Norskott Havbruk generated gross operating revenues of NOK 421.6 million in the first quarter 2016, up from NOK 367.2 million in the previous quarter and from NOK 324.6 million in the first quarter 2015.

Norskott harvested around 7,000 tonnes of fish in the quarter, 700 tonnes more than in the previous quarter, and 1,400 tonnes more than in the corresponding period last year.

SalMar's share of the harvested volume came to 3,500 tonnes.

Contract sales accounted for 51 per cent of the volume harvested during the quarter.

Operating profit per kg gutted weight came to NOK 11.57 in the first quarter 2016, up from NOK 0.82 per kg in the previous quarter and from NOK 7.72 per kg in the first quarter 2015.

The result was negatively affected by the sea lice situation on Shetland.

The company expects to harvest around 26,000 tonnes in 2016.

MARKETS

Supply and demand

The global supply of Atlantic salmon came to around 521,900 tonnes in the first quarter 2016, down 2 per cent on the first quarter 2015.

The decrease is largely attributable to lower production in Norway. However, production in Chile was also lower than in the corresponding period last year. Norwegian fish farmers harvested a combined total of 270,600 tonnes in the quarter, 17,800 tonnes less than in the same period last year. During the quarter, around 144,600 tonnes were harvested in Chile, 3,700 tonnes less than the year before.



The strong growth experienced in North America in 2015 continued in the first quarter this year, with output reaching 36,200 tonnes, an increase of 11 per cent on last year.

Output by producers in the Faeroes decreased in every quarter in 2015, such that the harvested volume for the year as a whole fell by 7 per cent. In the first quarter 2016, however, the trend has reversed. Around 17,700 tonnes of salmon was harvested in the first quarter 2016, an increase of 26 per cent on the corresponding period in 2015.

The positive trend experienced in the second half of 2015 continued in the UK, with the first-quarter harvested volume estimated at 34,100 tonnes. This is 8 per cent more than in the first quarter 2015.

Output from the other producing countries remained stable during the period, ending at 18,700 tonnes – an increase of 1 per cent on the corresponding period last year.

Overall, Norwegian exports of Atlantic salmon came to around 262,000 tonnes round weight in the quarter, some 16,000 or 6 per cent less than in the first quarter 2015.

However, a sharp rise in prices has substantially boosted their value measured in NOK. In the first quarter 2016, therefore, Norwegian salmon exports were worth approx. NOK 13.4 billion, up from NOK 11.1 billion in the same period last year. This corresponds to an increase of 21 per cent.

Overall exports of Norwegian salmon to the EU totalled 199,000 tonnes in the first quarter 2016. This, is 5 per cent less than in the corresponding period last year. In value, however, exports to the EU rose by 23 per cent compared with the first quarter 2015.

Exports to France came to around 32,000 tonnes in the quarter, compared with 34,200 tonnes in the same period last year. This is a decrease of 6 per cent. In value, however, exports rose by 24 per cent from the first quarter 2015.

Exports to Poland fell by 3 per cent to 34,900 tonnes in the period. However, the country is still the largest single market for Norwegian salmon within the EU.

Exports to Denmark fell by 13 per cent to 17,000 tonnes, while exports to the UK fell by 12 per cent to 19,600 tonnes. Exports to Spain rose by 3 per cent to 15,500 tonnes in the period.

However, the largest increase was to the USA, whose imports from Norwegian producers rose by 12 per cent to 13,100 tonnes. Measured in NOK, the value of these exports rose by 32 per cent.

Exports to Asian markets in the quarter fell by 26 per cent to 9,400 tonnes.

Prices and exchange rates

The price rise experienced in the fourth quarter 2015 continued into the first quarter 2016, with record price levels reaching upwards of NOK 68 per kg. The spot price at the close of the quarter was NOK 66.19 per kg.

The average price of salmon (NASDAQ Salmon Index) for the quarter as a whole came to NOK 58.85 per kg, up from NOK 45.28 per kg in the previous quarter and from NOK 41.12 per kg in the first quarter 2015.

The value of the Norwegian currency (NOK) held relatively stable in 2015, though it weakened slightly against our most important trading currencies. However, this trend has reversed through the first quarter 2016, with the NOK strengthening to some degree during the period.

From the close of the fourth quarter 2015 until the close of the first quarter 2016, the NOK strengthened against the EUR, GBP and USD by 2.1 per cent, 9.0 per cent and 6.1 per cent respectively.

However, since the close of the first quarter last year, the NOK has weakened by 8.2 per cent against the EUR and by 2.2 per cent against the USD, while the GBP exchange rate remains unchanged.

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

Biomass

Norway had a standing biomass of 641,600 tonnes round weight at the close of the first quarter 2016. This is 3 per cent lower than at the same point the year before, when the biomass totalled 660,900 tonnes round weight. At the close of the fourth quarter 2015, Norway's standing biomass totalled 701,400 tonnes round weight.

At the close of the quarter, Chile had a standing biomass of 227,400 tonnes round weight. This is a substantial 26 per cent below the level at the same point the year before. As at 31 March 2016, the UK had an overall biomass of around 85,200 tonnes round weight, unchanged from the year before.

The overall biomass in the Faeroes at the close of the period is estimated at 41,300 tonnes round weight, up 4 per cent from one year previously.

EVENTS AFTER THE BALANCE SHEET DATE

Following a routine check of fish health on 11 April, the viral disease infectious salmon anaemia (ISA) was discovered at SalMar's site at Ørnøya, just outside Frøya in South Trøndelag. The virus has now been found in fish weighing an average of around 4.4 kg in five net pens. ISA is reportable to the Norwegian Food Safety Authority, and results in the premature harvesting of infected fish. Furthermore, the Norwegian Food Safety Authority has established a control zone extending to neighbouring sites. This involves stricter control of transport between sites, as well as in and out of the zone, and increased surveillance within the zone.

Efforts to combat previous outbreaks of ISA have shown that the swift harvesting of infected fish and surveillance of neighbouring sites afford a good chance of preventing the spread of the disease.

SalMar has already started the harvesting out of infected fish at Ørnøya, which is the most important measure for preventing the disease from spreading.

The virus is found only in salmon, and represents no risk to mammals, including people. Analysis shows that the fish



are within the applicable food safety regulations and are being harvested as normal.

SHARES AND SHAREHOLDERS

At the close of March 2016, SalMar had a total of 113,299,999 shares outstanding, divided between 3,500 shareholders.

The company's major shareholder, Kverva AS, owns 53.4 per cent of the shares. The 20 largest shareholders own a total of 78.76 per cent of the shares. SalMar ASA is the company's eighth largest shareholder, with 1.18 million shares, corresponding to 1.04 per cent of the total number of shares outstanding as at 31 March 2016.

During the period, SalMar's share price varied between NOK 149.50 and NOK 206.50. The final price at the close of the quarter was NOK 203.00. The share price at the close of the previous quarter was NOK 155.00.

TRANSACTIONS WITH RELATED PARTIES

With effect from 31 March 2016, the Group has sold its shareholding in the subsidiary Frøyas AS. The Group owned 66 per cent of the company's shares, and the entire holding has been transferred to Insula AS. Kverva AS owns 91.76 per cent of the shares in Insula AS. Kverva AS owns 53.4 per cent of the shares in SalMar ASA and is a related party to the Group. See Note 8 for further details.

OUTLOOK

The global supply of Atlantic salmon decreased by around 2 per cent in the first quarter 2016 compared with a year before. The downturn is expected to increase in coming quarters, such that, for 2016 as a whole, the global supply of Atlantic salmon is expected to come to approx. 2.1 million tonnes, around 7 per cent less than in 2015.

Output from Norway in the first quarter 2016 fell by 6 per cent compared with the same period last year. It is expected that this downturn will continue through the year, such that, for 2016 as a whole, the Norwegian output of Atlantic salmon is expected to total 1,187,500 tonnes, 4 per cent less than in 2015.

Chile's output in the first quarter decreased by 2 per cent compared with the corresponding period last year. Due to major operational challenges in the region, a sharp fall in output is expected in coming quarters. For 2016 as a whole, therefore, output from the region is expected to decline by 125,300 tonnes, or 21 per cent.

Output in North America rose by 11 per cent in the first quarter 2016 to 36,200 tonnes. However, a decrease in output is expected in the next couple of quarters. For the year as a whole, therefore, it is expected to rise by just 1 per cent, corresponding to 1,800 tonnes.

For the year as a whole, output in the UK is expected to rise by 4,200 tonnes to 170,500 tonnes, while output in the Faeroes is expected to rise by 3,800 tonnes to 80,700 tonnes in 2016.

Output from the other regions is estimated at 81,400 tonnes in 2016, unchanged from the year before.

Fish Pool forward prices as at 27 April indicate an average salmon price for May and June of NOK 59.10 per kg and NOK 55.50 per kg respectively. The forward prices also indicate strong prices further ahead, with quotes for the third and fourth quarters in 2016 of NOK 51.10 per kg and 53.60 per kg respectively.

As at 27 April, Fish Pool's forward price for the second half of 2016 as a whole was NOK 52.35 per kg, up from NOK 46.75 per kg three months earlier.

On 28 February 2016, SalMar was awarded the first eight aquaculture development licences for its subsidiary Ocean Farming AS. AS of now all prerequisites is in place and the production of the full-scale pilot offshore installation and the advanced equipment this requires has now commenced.

SalMar aims to transfer the first fish to the offshore installation in the summer of 2017. If successful, the project has enormous potential for the entire industry.

The development licences have been granted for a period of seven years, but may be converted into ordinary production licences before then if the objectives and criteria on which they were granted have been met.

The biological situation in Central Norway remains challenging, particularly with regard to keeping salmon lice numbers below the regulatory threshold and containing the newly diagnosed outbreak of ISA outside Frøya.

The company takes this situation very seriously and has, in consultation with the regulatory authorities, implemented the measures necessary to deal with the incident and limited its scope. The ISA outbreak is discussed specifically under *Events After the Balance Sheet Date* on page 7.

SalMar has also initiated a number of measures in connection with the salmon lice situation in Central Norway. These include adjustments to operating plans, a reduction in the transfer of smolt at individual sites, investments in cleaner fish, mechanical delousing methods, increased wellboat capacity and active participation in the industry's shared framework conditions (zones and emergency response).

SalMar expects to harvest 131,000 tonnes in 2016. Around 45 per cent of the volume is expected to be harvested in the first half-year, while the remaining 55 per cent will be harvested in the second half.

Contract sales are expected to account for around 50 per cent of the volume harvested in the second quarter 2016. At the time of writing, the contract rate stands at just over 35 per cent of the volume expected to be harvested in the year as a whole.

As a result of a tight salmon market, combined with a substantial willingness to pay for salmon, the board expects strong results in forthcoming quarters in 2016.



INCOME STATEMENT

NOK million	1Q 16	1Q 15	FY 2015
Operating income	2 003,3	1 615,0	7 326,2
Cost of goods sold	846,6	723,1	3 562,8
Payroll expenses	193,4	177,6	765,9
Other operating expenses	311,8	279,8	1 272,2
EBITDA	651,5	434,5	1 725,3
Depreciations	85,0	73,7	321,4
Operational EBIT	566,5	360,8	1 403,9
Fair value adjustment	168,0	-59,5	39,9
Operational profit	734,5	301,3	1 443,8
Income from investments in associates	57,8	16,1	40,2
Net interest costs	-25,4	-23,4	-95,3
Other financial items	13,3	1,3	-5,1
Profit before tax	780,2	295,3	1 383,7
Tax	175,6	77,1	254,9
Net profit for the period	604,6	218,2	1 128,8
<i>Items to be reclassified to profit and loss in subsequent periods:</i>			
Change in translation diff. associates, net tax	-44,1	13,9	58,5
Change in translation diff. Subsidiaries, net tax	0,1	0,8	1,9
Change in fair value of currency instruments	-	-	2,8
Total comprehensive income	560,6	232,9	1 192,0
Non-controlling interests share of result	15,1	-0,3	25,5
Controlling interests share of result	589,5	218,6	1 103,3
Earnings per share (NOK)	5,26	1,93	9,85
Earnings per share - diluted	5,24	1,93	9,83

BALANCE SHEET - GROUP

NOK million	31.03.2016	31.03.2015	31.12.2015
ASSETS			
Intangible fixed assets	2 911,5	2 905,8	2 913,5
Tangible fixed assets	2 584,3	2 046,2	2 412,0
Financial fixed assets	650,1	569,3	636,2
Total fixed assets	6 145,9	5 521,3	5 961,7
Inventory	3 714,1	3 143,4	3 634,3
Accounts receivables	734,0	780,3	815,5
Other short-term receivables	314,0	147,4	258,3
Cash and cash equivalents	210,0	86,1	273,7
Total current assets	4 972,1	4 157,2	4 981,8
TOTAL ASSETS	11 118,0	9 678,5	10 943,5
EQUITY AND LIABILITIES			
Paid-in equity	509,4	476,6	501,1
Reserves	5 191,7	4 839,6	4 646,3
Minority interests	88,4	60,3	79,7
Total equity	5 789,5	5 376,4	5 227,0
Provisions for liabilities	1 241,0	1 215,3	1 230,8
Int. bearing long-term liabilities	1 999,2	1 528,4	2 761,4
Total long-term liabilities	3 240,2	2 743,6	3 992,5
Int. bearing short-term liabilities	140,4	315,2	140,4
Other short-term liabilities	1 947,9	1 243,2	1 583,9
Total short-term liabilities	2 088,3	1 558,5	1 723,9
TOTAL EQUITY AND LIABILITIES	11 118,0	9 678,5	10 943,5
Net interest bearing debt	1 929,6	1 757,5	2 628,1
Equity share	52,1 %	55,6 %	47,8 %



STATEMENT OF CASH FLOW

NOK million	Q1 2016	Q1 2015	FY 2015
Profit before tax	780,2	295,3	1 383,7
Tax paid in period	-7,7	-4,1	-315,1
Depreciation	85,0	73,7	321,4
Share of profit/loss from associates	-57,8	-16,1	-40,2
Gains exit subsidiaries	-28,4	-	-
Change in fair value adjustments	-168,0	59,5	-39,9
Change in working capital	355,2	259,9	279,2
Other changes	42,2	7,8	33,3
Net cash flow from operating activities	1 000,7	676,0	1 622,3
Net cash flow from investing activities	-276,8	-109,6	-724,7
Change in interest-bearing debt	-762,2	-624,6	424,8
Dividend paid out	-	-	-1 124,9
Interest paid	-25,4	-23,4	-95,3
Other changes	-	-0,1	-0,1
Net cash flow from financing activities	-787,6	-648,1	-795,5
Net change in cash for the period	-63,7	-81,7	102,0
Foreign exchange effects	-0,1	0,8	4,7
Cash in the beginning of the period	273,7	167,0	167,0
Cash at the end of the period	210,0	86,1	273,7

CHANGES IN EQUITY

2016	Share capital	Treasury shares	Share premium fond	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.16	28,3	-0,3	415,3	57,8	9,2	4 637,1	79,7	5 227,0
Net profit for the year						589,5	15,1	604,6
Comprehensive income					0,1	-44,1	0,0	-44,0
Total comprehensive income for the year	0,0	0,0	0,0	0,0	0,1	545,4	15,1	560,6
<i>Transactions with shareholders</i>								
Options granted				8,4		0,0	0,0	8,4
Exit non-controlling interests						0,0	-6,5	-6,5
Sum transactions with shareholders	0,0	0,0	0,0	8,4	0,0	0,0	-6,5	1,9
Equity as at 31.03.15	28,3	-0,3	415,3	66,1	9,2	5 182,5	88,4	5 789,5
2015	Share capital	Treasury shares	Share premium fond	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.15	28,3	-0,3	415,3	34,8	4,5	4 594,1	60,6	5 137,3
Net profit for the year						1 103,3	25,5	1 128,8
Comprehensive income					4,7	58,5		63,2
Total comprehensive income for the year	0,0	0,0	0,0	0,0	4,7	1 161,8	25,5	1 192,0
<i>Transactions with shareholders</i>								
Dividend paid						-1 120,0	-6,4	-1 126,4
Options granted				22,9				22,9
Redeemed options treasury shares							0,0	0,0
Deferred tax options						1,4	0,0	1,4
Other changes						-0,1		-0,1
Sum transactions with shareholders	0,0	0,0	0,0	22,9	0,0	-1 118,7	-6,4	-1 102,2
Equity as at 31.12.15	28,3	-0,3	415,3	57,8	9,2	4 637,1	79,7	5 227,0



SEGMENT INFORMATION

	Farming Central-Norway	Farming Northern-Norway	Sales and Processing	Elim.	Group
1Q 16					
Operating income (mill.)	844,3	739,1	1 802,9	-1 383,0	2 003,3
Operational EBIT (mill.)	351,1	371,5	-133,3	-22,7	566,5
Operational EBIT %	41,6 %	50,3 %	-7,4 %		28,3 %
Harvested volume (1,000 tgw)	14,4	12,9			27,3
EBIT/ kg gw (NOK)	24,41	28,85			20,78
1Q 15					
Operating income (mill.)	821,2	306,2	1 604,6	-1 117,1	1 615,0
Operational EBIT (mill.)	243,9	90,0	45,6	-18,7	360,8
Operational EBIT %	29,7 %	29,4 %	2,8 %		22,3 %
Harvested volume (1,000 tgw)	20,3	7,8			28,1
EBIT/ kg gw (NOK)	12,02	11,55			12,85
FY 2015					
Operating income (mill.)	3 941,7	1 646,9	7 295,0	-5 557,4	7 326,2
Operational EBIT (mill.)	947,7	505,8	72,6	-122,1	1 403,9
Operational EBIT %	24,0 %	30,7 %	1,0 %		19,2 %
Harvested volume (1,000 tgw)	96,9	39,5			136,4
EBIT/ kg gw (NOK)	9,78	12,81			10,29

KEY FIGURES - GROUP

	1Q 16	1Q 15	FY 2015
Number of shares (diluted) - end of period (mill.)	112,4	113,3	112,3
Earnings per share (NOK)	5,26	1,93	9,85
Earnings per share - diluted (NOK)	5,24	1,93	9,83
EBITDA %	32,5 %	26,9 %	23,6 %
Operational EBIT %	28,3 %	22,3 %	19,2 %
EBIT %	36,7 %	18,7 %	19,7 %
Profit before tax %	38,9 %	18,3 %	18,9 %
Cash flow per share - diluted (NOK)	8,90	5,97	14,45
Net interest bearing debt (mill.)	1 929,6	1 757,5	2 628,1
Equity ratio %	52,1 %	55,6 %	47,8 %

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

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

Earnings before tax % = Earnings before tax/ operating income

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

Equity ratio = Equity/ total assets

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Accounting principles

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

This interim report has not been subject to external audit.

In this interim report the Group has used the same accounting principles as in the year-end financial statements for 2015. No new or amended accounting standards or interpretations went into force in Q1 2016.

Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA AS	60 500 000	53,40 %
FOLKETRYGDFONDET	8 404 725	7,42 %
STATE STREET BANK AND TRUST CO.	4 248 426	3,75 %
J.P. MORGAN CHASE BANK N.A. LONDON	2 790 170	2,46 %
LIN AS	2 005 200	1,77 %
THE BANK OF NEW YORK MELLON	1 427 904	1,26 %
JP MORGAN BANK LUXEMBOURG S.A	1 331 547	1,18 %
SALMAR ASA	1 180 081	1,04 %
STATE STREET BANK & TRUST CO.	1 134 116	1,00 %
STATE STREET BANK AND TRUST CO.	765 598	0,68 %
CLEARSTREAM BANKING S.A.	742 630	0,66 %
PARETO AKSJE NORGE	722 630	0,64 %
MORGAN STANLEY & CO. INTERNATIONAL	640 302	0,57 %
J.P. MORGAN CHASE BANK N.A. LONDON	544 347	0,48 %
MSIP EQUITY	506 644	0,45 %
STOREBRAND NORGE I	499 026	0,44 %
KLP AKSJENORGE INDEKS	472 124	0,42 %
J.P. MORGAN CHASE BANK N.A. LONDON	445 649	0,39 %
JPMORGAN FUND ICVC B/O 97019	436 945	0,39 %
VERDIPAPIRFONDET ALFRED BERG NORGE	435 464	0,38 %
Top 20	89 233 528	78,76 %
Others	24 066 471	21,24 %
Total	113 299 999	100,00 %

**Note 3 - Inventory and Biological Assets (biomass)**

Book value of inventory	31.03.2016	31.03.2015	31.12.2015
Raw materials	92,5	79,6	101,0
Biological assets	3 474,3	2 948,5	3 306,1
Finished goods	147,3	115,3	227,2
Total	3 714,1	3 143,4	3 634,3

Fair value adjustment of biological assets	31.03.2016	31.03.2015	31.12.2015
Historic cost	2 347,5	2 306,1	2 329,9
Fair value adjustment of the biomass	1 126,8	642,4	976,1
Book value	3 474,3	2 948,5	3 306,1

Raw materials largely comprise feed for smolt and marine-phase fish production. Raw materials used in secondary processing, as well as packaging materials, are also included. Stocks of biological assets are associated with SalMar's fish farming operations on land and at sea.

Finished goods comprise whole salmon, fresh and frozen, as well as processed salmon products.

Biological assets in further detail

The treatment for accounting purposes of live fish is regulated by IAS 41 Agriculture. IAS 41 contains a methodological hierarchy for the measurement of biological assets for accounting purposes. The main rule is that such assets must be measured at fair value.

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

The fair value of the biomass is set on the basis of the market price of the weight category concerned, corrected for sales costs, including harvesting costs and gutting waste, on the balance sheet date. The market price is adjusted for quality differences. The sales prices used are based on external forward prices for the period in which the fish is due to be harvested.

Smolt are valued at cost.

Note 4 - Fair Value Adjustments

Fair value adjustments are part of the Group's operating profit/loss, but changes in fair value are presented on a separate line to provide a better understanding of the Group's profit/loss on the sale of goods. The item Fair Value Adjustments comprises:

	1Q 2016	1Q 2015	FY 2015
Change in fair value of the biomass	150,6	-186,4	147,3
Change in provisions for onerous contracts	-133,3	33,6	-91,9
Unrealised change in value of fish-pool contracts	31,1	40,7	56,1
Unrealised changes in the value of currency and forward currency contracts	119,6	52,7	-71,5
Fair value adjustments recognised in profit and loss	168,0	-59,5	39,9

Note 5 - Business combinations

Business acquisitions in 2015 and 2016

The Group has made no business combinations in 2015 or 2016.

Note 6 - Financial assets – investments where the equity method is applied

	Norskott	Others	TOTAL
Opening balance 31.12.2015	574,2	53,4	627,6
Acquisition of shares/contribution	-	-	-
Share of year's profit/loss	58,4	-0,6	57,8
Other items in comprehensive income	-44,1	-	-44,1
Dividend received	-	-	-
Closing balance 31.03.2016	588,5	52,8	641,3

2015 - Investments in associates

On 11 December 2015 the Group agreed to purchase 50 per cent of the shares in Salmus AS. Salmus AS owns 53.05 per cent of the shares in Kvitholmen AS, which, in turn, owns 86.38 per cent of the shares in Arnarlax Hf. Both Salmus AS and Kvitholmen AS are shareholding companies. Arnarlax Hf is an aquaculture company located in Iceland. Salmus AS is owned 50/50 by SalMar and Edinborg AS, and the investment is treated for accounting purposes in accordance with the equity method. At the time the investment was made, the book value of the equity in Salmus AS was NOK 47.1 million. The cash consideration paid for SalMar's investment was NOK 43.4 million. Fish farming licences held by Arnarlax Hf account for the entirety of the excess value recognised by the Group.

Note 7 - Other financial items

	1Q 2016	1Q 2015	FY 2015
Net interest expenses	-25,4	-23,4	-95,3
Other net financial items	13,3	1,3	-5,1
Net financial items	-12,1	-22,1	-100,4

With effect from 1 January 2016 the Group has changed its classification of the effect of foreign exchange rates on sales in foreign currencies. Sales transactions are, from this point forward, recognised at the exchange rate in effect on the transaction date. Realised foreign exchange gains or losses upon settlement of the receivable, as well as the translation of monetary items denominated in foreign currencies at exchange rates in effect on the balance sheet date, are recognised in the financial statements as a financial item. An exception is made for changes in the fair value of forward currency contracts that have been entered into to hedge future deliveries. The effect of these is recognised as before on the line for fair value adjustments in profit and loss. Foreign exchange effects are recognised as an item in other net financial items in Q1 2016.

Note 8 - Exit of subsidiaries and non-controlling interests

Exit of subsidiaries and non-controlling interests 2016

With effect from 31 March 2016, the Group has sold its shareholding in the subsidiary Frøyas AS. The Group had a shareholding of 66 per cent, and this has been transferred in its entirety to Insula AS. Kverva AS owns 91.76 per cent of Insula AS. Kverva AS owns 53.4 per cent of the shares in SalMar ASA and is a related party to the Group.

Consideration for the shares in Frøyas AS is based on an earn-out model. As at 31 March 2016 the fair value of the consideration is estimated at NOK 40.9 million. The book value of equity in Frøyas AS on the date of the transaction totalled NOK 19.0 million, NOK 6.5 million of which is allocated to non-controlling interests. This gives a gain on the exit of subsidiaries for the Group of NOK 28.4 million in total. The controlling interest's share of the gain has been recognised in Q1 and is classified as an operating revenue in profit and loss.

The non-controlling interests' share of equity, in the amount of NOK 6.5 million, has reduced the non-controlling interests' share of equity in the period.

Note 9 - Changed segment reporting

As a result of an internal reorganisation, SalMar has, with effect from Q1 2016, changed the way it reports its segments' performance. Historical figures have been restated to provide comparability. The restated figures are presented below.

Farming Central-Norway	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Operating income (mill.)	821,2	901,4	1 168,8	1 050,3
Operational EBIT (mill.)	243,9	183,5	284,4	235,8
Operational EBIT %	29,7%	20,4%	24,3%	22,4%
Harvested volume (1,000 t _{gw})	20,3	24,3	28,3	24,0
EBIT/ kg gw (NOK)	12,02	7,54	10,05	9,83
Farming Northern-Norway	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Operating income (mill.)	306,2	387,3	282,8	670,5
Operational EBIT (mill.)	90,0	95,1	68,6	252,1
Operational EBIT %	29,4%	24,6%	24,2%	37,6%
Harvested volume (1,000 t _{gw})	7,8	10,5	7,1	14,1
EBIT/ kg gw (NOK)	11,55	9,07	9,71	17,84
Sales and Processing	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Operating income (mill.)	1 604,6	1 733,7	1 925,0	2 031,6
Operational EBIT (mill.)	45,6	72,0	0,5	-45,4
Operational EBIT %	2,8%	4,2%	0,0%	-2,2%
Elim.	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Operating income (mill.)	-1 117,1	-1 223,1	-1 500,0	-1 717,2
Operational EBIT (mill.)	-18,7	-15,5	-19,7	-68,2
Group	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Operating income (mill.)	1 615,0	1 799,3	1 876,6	2 035,2
Operational EBIT (mill.)	360,8	335,1	333,7	374,3
Operational EBIT %	22,3%	18,6%	17,8%	18,4%
Harvested volume (1,000 t _{gw})	28,1	34,8	35,4	38,1
EBIT/ kg gw (NOK)	12,85	9,62	9,44	9,82