

Quarterly Report

Third quarter 2017



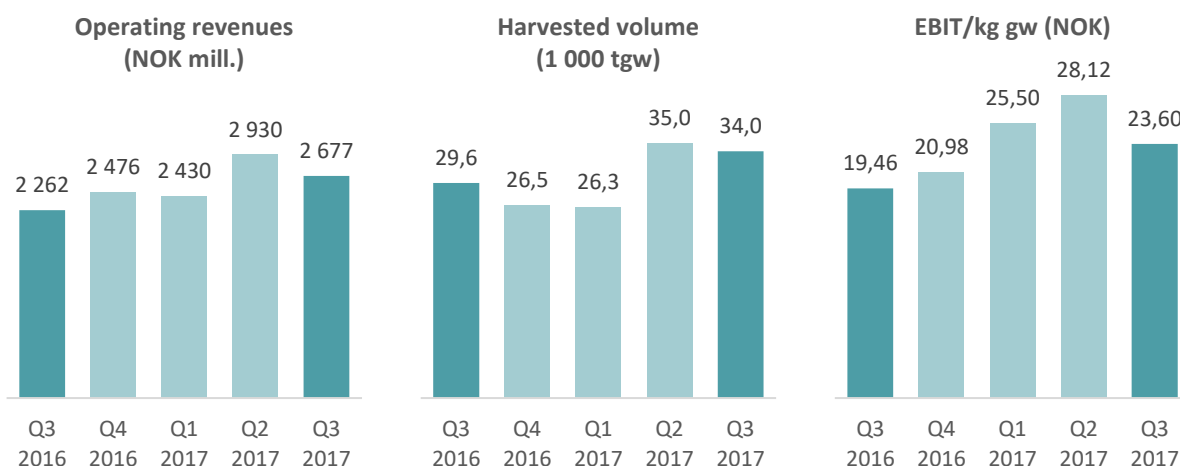
STRONG OPERATIONS AND IMPROVING BIOLOGY

HIGHLIGHTS IN THE THIRD QUARTER 2017

- Strong operations and effective management of the improving biological situation
- Lower production costs and higher prices achieved
- Expected harvest volume Norway increased to 134,000 tons in 2017
- 143,000 tonnes expected to be harvested in 2018
- Ocean Farm 1 on schedule – operational pilot phase in the coming 12 months

KEY FIGURES - GROUP

NOK million	Q3 2017	Q3 2016	9M 2017	9M 2016	2016
Operating revenue	2 676.6	2 262.1	8 036.6	6 553.5	9 029.8
Operational EBIT	801.3	576.3	2 455.0	1 874.7	2 431.6
Operational EBIT %	29.9 %	25.5 %	30.5 %	28.6 %	26.9 %
Fair value adjustments	469.5	173.3	0.6	117.6	654.0
Profit/loss from associates	32.9	67.5	190.0	159.5	286.8
Profit/loss before tax	1 295.3	816.5	2 561.5	2 123.9	3 342.1
EPS	8.71	5.71	17.53	14.59	23.43
NIBD	1 615.0	1 951.2	1 615.0	1 951.2	2 364.5
Equity ratio %	54.6 %	45.5 %	54.6 %	45.5 %	49.9 %
Harvested volume (1,000 t _{gw})	34.0	29.6	95.2	89.1	115.6
EBIT/kg gw (NOK)	23.60	19.46	25.78	21.05	21.03



FINANCIAL PERFORMANCE

Revenues and results in the third quarter 2017

The steady fall in costs seen in recent quarters continued in the third quarter 2017, and the SalMar Group posted strong results despite lower salmon prices.

The SalMar Group harvested 34,000 tonnes of salmon in the third quarter 2017, compared with 35,000 tonnes in the previous quarter and 29,600 tonnes in the third quarter 2016.

Norskott Havbruk (Scottish Sea Farms) harvested a total of 9,400 tonnes in the quarter, with SalMar's share coming to 4,700 tonnes. Arnarlax harvested not quite 1,700 tonnes in the period, with SalMar's share coming to around 560 tonnes.

The market for Atlantic salmon has been tight for a long time, which has resulted in high salmon prices. Price fluctuations in recent quarters have been substantial, with prices being quoted in the range of NOK 60–75 per kg. However, prices fell through the third quarter from NOK 65 per kg at the start of the period to around NOK 50 per kg in mid-September, before increasing to NOK 55 per kg by the close of the period.

The average price of salmon (NASDAQ Salmon Index) for the third quarter as a whole came to NOK 56.55 per kg. This is NOK 11.28 per kg less than in the previous quarter, and NOK 3.92 per kg down on the corresponding period last year.

SalMar generated gross operating revenues of NOK 2,676.6 million in the third quarter 2017, compared with NOK 2,929.9 million in the second quarter this year, and NOK 2,262.1 million in the third quarter 2016.

The Group's Operational EBIT totalled NOK 801.3 million in the third quarter, down from NOK 983.0 million in the previous quarter, but up from NOK 576.3 million in the corresponding quarter last year.

For the Group as a whole, this gave an Operational EBIT per kg of NOK 23.60, compared with NOK 28.12 per kg in the second quarter this year, and NOK 19.46 per kg in the third quarter 2016.

Please see the segment results for further details.

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

Fair value adjustments boosted reported EBIT by NOK 469.5 million in the quarter. The value of the standing biomass rose by NOK 316.7 million in the quarter, while changes in provisions for loss-making contracts, unrealised changes in the value of Fish Pool contracts and unrealised changes in the value of forward contracts lifted profits by NOK 152.8 million. See Note 4 for further details.

As a result, reported EBIT for the third quarter 2017 totalled NOK 1,270.9 million, compared with NOK 749.6 million in the third quarter 2016, when EBIT was boosted by fair value adjustments totalling NOK 173.3 million.

SalMar's share of profit/loss from associates totalled NOK 32.9 million in the period. The contribution derives from SalMar's share of profit/loss from Norskott Havbruk and Arnarlax. In the third quarter 2016, associates (Norskott Havbruk only) contributed NOK 67.5 million. Arnarlax was included in SalMar's financial statements from the first quarter 2017.

Net interest expenses totalled NOK 24.4 million in the third quarter 2017. Net other financial items were positive in the amount of NOK 15.9 million in the quarter. Profit before tax came to NOK 1,295.3 million, compared with NOK 816.5 million in the same period last year.

The period's tax expense has been calculated at NOK 305.5 million, such that the Group's net profit for the third quarter 2017 totalled NOK 989.8 million. In the third quarter last year, the tax expense was set at NOK 189.1 million, while net profit came to NOK 627.3 million.

Revenues and results in the year to date

In the first nine months of 2017, the SalMar Group has generated gross operating revenues of NOK 8,036.6 million, compared with NOK 6,553.5 million in the corresponding period last year.

Excluding Norskott Havbruk and Arnarlax, SalMar has harvested a total of 95,200 tonnes so far this year, compared with 89,100 tonnes in the first nine months of 2016.

The average price of salmon (NASDAQ Salmon Index) for the first nine months of 2017 came to NOK 63.59 per kg, compared with NOK 61.00 per kg in the same period last year.

Operational EBIT for the first nine months of 2017 totalled NOK 2,455.0 million, compared with NOK 1,874.7 million in the same period last year. The improved performance is attributable to higher overall salmon prices, better prices achieved and a higher volume harvested. Production costs for the biomass harvested in 2017 are higher than in 2016, despite a steady decrease in production costs over the past three quarters.

Fair value adjustments for the first nine months of the year were marginally positive, totalling NOK 0.6 million. As a result, EBIT for the period ended at NOK 2,455.6 million. In the same period last year, EBIT totalled NOK 1,992.3 million, following a positive contribution from fair value adjustments of NOK 117.6 million.

SalMar's share of profit/loss from associates came to NOK 190.0 million in the first nine months of 2017, compared with NOK 159.5 million in the same period last year. Net interest expenses came to NOK 69.2 million, while net other financial items totalled NOK -14.9 million. In consequence, profit before tax came to NOK 2,561.5 million in the first nine months of 2017. In the corresponding period last year, net interest expenses came to NOK 74.8 million, while net other financial items were positive in the amount of NOK 46.9 million. Profit before tax totalled NOK 2,123.9 million in the first nine months of 2016.



A tax expense of NOK 564.9 million has been calculated for the first nine months of 2017, such that net profit for the period comes to NOK 1,996.5 million.

In the corresponding period last year, tax was set at NOK 489.6 million, which gave a net profit of NOK 1,634.3 million.

Cash flow

The SalMar Group generated a positive cash flow from operating activities in the amount of NOK 970.3 million in the third quarter 2017. This is largely associated with strong earnings.

Net cash flow from investing activities came to NOK -234.6 million in the period. The bulk of the payments, NOK 261.2 million, relate to investments in property, plant and equipment. Of this amount, NOK 129.2 million relates to the Group's offshore fish farm project (Ocean Farming), NOK 62.1 million relates to investments in smolt production facilities, while NOK 69.8 million relates to other investments in operational activities. A total of NOK 26.5 million in dividends was received from associates in the period.

The Group's net cash flow from financing activities totalled NOK -761.9 million in the period. This amount relates primarily to the repayment of interest-bearing debt, which was reduced by NOK 727.7 million in the period. In addition, NOK 24.4 million in net interest payments were made in the quarter.

This gave SalMar a net cash flow of NOK -26.3 million in the period, such that the Group's holdings of cash and cash equivalents at the close of the third quarter 2017 totalled NOK 193.6 million, down from NOK 224.2 million three months earlier.

For the first nine months of 2017, the SalMar Group had a positive cash flow from operating activities amounting to NOK 2,848.3 million. Net cash flow from investing activities totalled NOK -645.1 million, while cash flow from financing activities totalled NOK -2,280.4 million. As a result, the Group had a net cash flow of NOK -77.2 million in the first nine months of the year.

Financial position

As at 30 September 2017, SalMar's balance sheet totalled NOK 13,438.0 million, compared with NOK 12,830.3 million three months earlier, and NOK 12,416.9 million at the close of the third quarter last year.

The book value of the Group's property, plant and equipment rose by NOK 158.3 million through the period to NOK 3,578.9 million. Investments are being made in line with established plans. These relate largely to investments in sites, the expansion of smolt production capacity and activities relating to the Group's offshore fish farm project. Investments in the latter totalled NOK 129.2 million in the quarter.

At the close of the quarter, the Group had current assets totalling NOK 5,877.4 million, compared with NOK 5,419.4 million three months earlier.

The book value of inventory rose by NOK 554.5 million in the quarter. The volume of fish held in sea farms rose through the quarter, and the production cost of the standing biomass rose by NOK 223.8 million. Despite reduced market prices, the fair value of the biomass rose by NOK 316.7 million as a result of an increase in the volume of the standing biomass since the close of the previous quarter. Stocks of finished goods rose by NOK 4.0 million.

Trade receivables rose by NOK 5.0 million to NOK 551.6 million, while other short-term receivables fell by NOK 70.9 million to NOK 227.4 million. At the close of the quarter, the SalMar Group had total cash reserves of NOK 193.6 million, down from NOK 224.2 million three months earlier.

At the close of the third quarter 2017, the Group had equity totalling NOK 7,333.8 million, which corresponds to an equity ratio of 54.6 per cent. For further details, see the table showing movements in equity in the period.

At the close of the period, interest-bearing debt totalled NOK 1,808.6 million. Of this amount, debt to credit institutions accounted for NOK 1,118.9 million, ordinary leasing liabilities accounted for NOK 28.4 million, while leasing liabilities with respect to InnovaMar totalled NOK 316.1 million. Short-term interest-bearing debt totalled NOK 344.8 million and comprised a NOK 205.7 million overdraft, as well as the first year's instalments on long-term interest-bearing debt in the amount of NOK 139.1 million.

Other current liabilities rose by NOK 276.3 million in the period. Trade payables rose by NOK 174.8 million, while tax payable rose by NOK 215.1 million. Other current liabilities and public charges payable decreased by NOK 42.6 million and NOK 70.9 million respectively during the period.

As at 30 September 2017, net interest-bearing debt totalled NOK 1,615.0 million, down NOK 697.2 million from the close of the previous quarter.



OPERATIONAL PERFORMANCE

With effect from the first quarter 2016, the Rauma segment has been incorporated into Fish Farming Central Norway, and the two operations will henceforth be reported as one.

Fish Farming Central Norway

NOK million	Q3 17	Q3 16	2016
Operating revenue	1 358.2	1 424.9	4 343.5
Operational EBIT	488.5	545.8	1 770.2
Operational EBIT%	36.0 %	38.3 %	40.8 %
Harvested volume (1 000 t _{gw})	23.2	23.4	70.5
EBIT/kg gw (NOK)	21.05	23.35	25.13

The Fish Farming Central Norway segment harvested a total of 23,200 tonnes of salmon in the third quarter 2017, compared with 23,400 tonnes in the corresponding period last year. The segment generated gross operating revenues of NOK 1,358.2 million in the quarter, down from NOK 1,424.9 million in the third quarter 2016. The decrease is primarily attributable to lower salmon prices.

The harvested volume was relatively evenly distributed through the quarter, but with a slightly higher volume in the early part of the period. The average price achieved for the quarter as a whole was therefore higher than the NASDAQ average for the quarter. Organic and brood fish together made up 11 per cent of the volume harvested in the period. Organic salmon have achieved a price premium in a quarter in which the price of conventional salmon has been falling.

The cost per kg of the harvested biomass decreased for the third successive quarter. The good biological performance is the result of efficient operations, as well as the company's systematic efforts to strengthen its preparedness, capacity and expertise with respect to managing biological challenges.

The volume harvested derives entirely from fish transferred to sea farms in the spring of 2016. Half of the volume in the period was drawn from high-performing individual sites. This has had a positive impact on the segment's underlying costs. Both organic and broodfish have a higher production cost than conventional salmon.

EBIT per kg gutted weight in the quarter came to NOK 21.05, down from NOK 29.89 per kg in the previous quarter and marginally down from the NOK 23.35 per kg achieved in the third quarter 2016.

The segment's biological situation has improved through the quarter. SalMar has, over time, invested heavily in non-medicinal delousing equipment, as well as in its general level of preparedness, including preventive technologies and methods for dealing with salmon lice.

Overall, SalMar is considered to be in a position to handle the biological challenges both energetically and effectively.

SalMar expects the segment's costs in the fourth quarter 2017 to remain much the same as in the third quarter.

The Central Norway segment expects to harvest around 86,000 tonnes of salmon in 2017 as a whole. The total volume harvested in 2016 was 70,500 tonnes.

Fish Farming Northern Norway

NOK million	Q3 17	Q3 16	2016
Operating revenue	623.1	369.0	2 799.2
Operational EBIT	293.3	181.4	1 480.3
Operational EBIT%	47.1%	49.2%	52.9%
Harvested volume (1 000 t _{gw})	10.8	6.2	45.2
EBIT/kg gw (NOK)	27.29	29.12	32.78

The Fish Farming Northern Norway segment harvested a total of 10,800 tonnes of salmon in the third quarter 2017, compared with 13,800 tonnes in the previous quarter and 6,200 tonnes in the same period last year.

The segment generated gross operating revenues of NOK 623.1 million in the period, up from NOK 369.0 million in the third quarter 2016. The increase is attributable to a higher volume harvested.

The volume harvested in the quarter comprised fish transferred to sea farms in the autumn of 2015 and spring of 2016, with the latter generation performing particularly well. The entire volume harvested in the fourth quarter will come from this generation.

The good biological conditions, combined with a highly skilled front-line organisation, have ensured a high level of output for the generations harvested during the quarter. This has resulted in a decrease in costs compared with the previous quarter.

EBIT per kg came to NOK 27.29 in the period, compared with NOK 35.73 per kg in the second quarter 2017 and NOK 29.12 in the third quarter 2016.

The general biological situation in Northern Norway remains good. As in previous years, however, SalMar has experienced somewhat higher lice numbers in the third quarter. SalMar is well equipped to meet any biological challenges, and costs are expected to remain stable in the coming quarter.

The Northern Norway segment expects to harvest around 48,000 tonnes in 2017 as a whole. The total volume harvested in 2016 was 45,200 tonnes.



Sales and Processing

NOK million	Q3 17	Q3 16	2016
Operating revenue	2 763.4	2 697.1	9 035.8
Operational EBIT	46.2	-118.8	-685.8
Operational EBIT%	1.7%	-4.4%	-7.6%

The Sales and Processing segment generated gross operating revenues of NOK 2,763.4 million in the third quarter 2017, down from NOK 2,996.4 million in the previous quarter, but up from NOK 2,697.1 million in the corresponding period last year.

The segment sells the entire Group's harvested volume, with the exception of the volume deriving from joint operations with Lerøy in Finnmark, which totalled 46 tonnes in the third quarter.

The segment posted an operating profit of NOK 46.2 million in the quarter, compared with losses of NOK 112.5 in the previous quarter and NOK 118.8 million in the third quarter 2016.

The increase in profit is due to general improvements in all the segment's areas of activity.

A total of 30,016 tonnes of fish was harvested at InnovaMar during the quarter. This is slightly less than in the previous quarter and on a par with the same period last year.

The secondary processing business has enjoyed high capacity utilisation and strong underlying operations in the quarter. A total of 13,668 tonnes of fish were processed during the period, compared with 11,794 tonnes in the previous quarter. This positive trend is expected to continue going forward.

During the quarter, around 45 per cent of the fish was sold under fixed-price contracts. The average price for the contracts was higher than the spot price in the period, so the contract portfolio has made a positive contribution to the segment's financial result. The result is also affected by good dispositions in the spot market.

The contract rate for the fourth quarter 2017 is expected to be around 40 per cent. The average price of the contract portfolio is on a par with previous quarters.

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 harvested volume of 34,000 tonnes in the third quarter 2017, R&D costs accounted for NOK 0.46 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	Q3 17	Q3 16	2016
Operating revenues	631.9	511.9	1 720.6
Operational EBIT	183.5	151.5	473.9
Operational EBIT%	29.0%	29.6%	27.5%
Fair value adj. biomass	-86.4	26.4	127.8
Profit before tax	95.1	175.0	581.8
SalMar's share after tax	42.1	68.9	236.6
Harvested volume (1 000 tgw)	9.4	8.1	28.0
EBIT/kg gw (NOK)	19.46	18.59	16.90

Norskott Havbruk generated gross operating revenues of NOK 631.9 million in the third quarter 2017, up from 598.7 million in the second quarter this year and from NOK 511.9 million in the third quarter 2016.

Norskott Havbruk harvested a record total of 9,400 tonnes of fish in the quarter. This is around 1,000 tonnes more than in the previous quarter and just under 1,300 tonnes more than in the corresponding period last year.

SalMar's share of the volume harvested came to 4,700 tonnes.

The company posted strong results in the third quarter 2017. Underlying operations are good, but Scottish Seafarms has been affected by biological challenges relating to gill health at certain sites in mainland Scotland and Shetland.

The gill health issues had a negative impact on the quarter's results, since it was necessary to prematurely harvest fish with a low harvest weight. The harvesting of fish with a low final weight will continue into the fourth quarter, and will negatively affect the volume harvested in 2018.

The contract rate for the quarter was 41 per cent.

EBIT per kg gutted weight came to NOK 19.46 in the quarter, down from NOK 26.91 per kg in the previous quarter, but up from NOK 18.59 per kg in the third quarter last year.

The company expects to harvest around 32,000 tonnes in 2017 as a whole. The harvested volume in 2018 is estimated at 27,000 tonnes.



Arnarlax HF

Arnarlax HF is recognised as an associate, with SalMar's share (34 per cent) of the company's profit/loss after tax and fair value adjustment biomass being recognised as financial income. The figures in the table below reflect the company's overall performance.

NOK million	Q3 17	Q2 17	2016
Operating revenues	113.8	193.8	247.4
Operational EBIT	-4.8	26.0	-1.7
Operational EBIT%	-4.2%	13.4%	-0.7%
Fair value adj. biomass	-7.3	-52.7	183.5
Profit before tax	-18.4	-48.8	205.4
SalMar's share after tax	-9.8	-16.7	52.2
Harvested volume (1 000 t _{gw})	1.7	2.8	4.0
EBIT/kg gw (NOK)	-2.91	9.32	-0.41

Arnarlax harvested around 1,700 tonnes in the third quarter 2017, compared with 2,800 tonnes in the previous quarter. The company generated gross operating revenues of NOK 113.8 million, down from NOK 193.8 million in the second quarter.

The cost of the biomass harvested in the third quarter was negatively affected by biological issues, including high mortality rates, partly due to the fish disease BKD. In addition, costs reflect the fact that the company is still in a build-up phase, with a suboptimal operating structure. The development of the company will require long-term structural development and significant investments in the coming years.

Operational EBIT for the period came to NOK -4.8 million. This corresponds to an EBIT per kg of NOK -2.91. In the previous quarter, Arnarlax made an Operational EBIT of NOK 26.0 million, corresponding to an EBIT per kg of NOK 9.32.

The company expects to harvest around 9,500 tonnes of salmon in 2017 as a whole. In 2018, the volume harvested is expected to reach 11,000 tonnes.

MARKETS

Supply and demand

The global supply of Atlantic salmon came to around 588,300 tonnes in the third quarter 2017, up 10 per cent from the third quarter 2016.

The increase was largely driven by higher output from Chile, as well as a slightly higher volume from Norwegian fish farmers.

Chile's fish farmers harvested a total of 141,700 tonnes in the quarter, up 29,400 tonnes or 26 per cent on the same period last year. Output from Chile is expected to grow strongly in the fourth quarter as well. For 2018 as a whole, the supply of salmon from Chilean producers is expected to grow by around 8 per cent.

Around 315,100 tonnes were harvested in Norway during the period. This is an increase of 13,100 tonnes or 4 per cent compared with the same period last year. Growth is expected to intensify, with output in the fourth quarter 2017 expected to be 9 per cent higher than in the same period last year. For 2018 as a whole, the output of Atlantic salmon from Norwegian producers is expected to rise by 8 per cent, corresponding to an increase of 93,500 tonnes.

Around 44,400 tonnes of salmon were harvested in the UK in the third quarter 2017. This is an increase of 4,100 tonnes or 10 per cent compared with the same period last year. In North America, 43,200 tonnes were harvested during the quarter, up 1,500 tonnes on the corresponding period in 2016. Producers in the Faeroes harvested 18,400 tonnes in the period, an increase of 12 per cent on the third quarter last year. Output from the other fish farming regions came to approx. 25,500 tonnes in the period, an increase of 15 per cent compared with the same period last year.

A total of approx. 295,000 tonnes round weight of Atlantic salmon was exported from Norway during the quarter, an increase of around 4,000 tonnes or 2 per cent compared with the third quarter 2016.

In the third quarter 2017, salmon exports were worth approx. NOK 16.1 billion.

Exports of Norwegian salmon to the EU totalled 224,000 tonnes in the period, the same as in the corresponding period in 2016. The value of these exports came to NOK 11.8 billion, up 2 per cent from the third quarter 2016.

Measured in volume, exports to the main markets for Norwegian salmon have fallen in Europe. The exception is Denmark, where year-on-year exports rose by 20 per cent to 29,400 tonnes. Exports to the Spanish market also grew, though from a somewhat lower starting point.

In France and Poland, the downturn from previous quarters continues. Exports to France decreased by 4 per cent to 31,200 tonnes, while exports to Poland decreased by 6 per cent to 40,500 tonnes.

However, the strongest downturn was to the UK, which continued the negative trend experienced in the previous quarter. A total of 15,100 tonnes of Norwegian salmon was exported to the British market in the third quarter, a fall of 25 per cent compared with the same period last year.

Exports to Asian markets continued to rise in the third quarter. The total volume of exports to the region came to 10,900 tonnes, up 26 per cent on the third quarter last year.

Exports to the USA also continued to develop well in the third quarter, rising by 6 per cent year-on-year to end at 14,600 tonnes.

Prices and exchange rates

In recent quarters, prices have fluctuated sharply in the region of NOK 60–75 per kg. However, the price fell from NOK 65 per kg at the start of the period to around NOK 50 in mid-September, before rising slightly once again. The final price quoted in the quarter was NOK 55.06 per kg.

As a result of the fall in prices, the average price for the period as a whole was lower, in comparison with both the

previous quarter and the same period the year before. The average price of salmon for the third quarter 2017 (NASDAQ Salmon Index) was NOK 56.55 per kg, compared with NOK 67.83 per kg in the previous quarter and NOK 60.47 per kg in the third quarter last year.

However, compared with the same period last year, the average price per kg in the first nine months of the year rose by NOK 2.60 to NOK 63.59.

The rate of exchange between the NOK and the most important trading currencies has fluctuated through the period.

From the close of the second quarter 2017 until the close of the third quarter 2017, the NOK strengthened against the EUR, GBP and USD by 1.7 per cent, 1.9 per cent and 4.9 per cent respectively.

From the close of the third quarter last year, however, the NOK has weakened by 4.7 per cent against the EUR and by 2.3 per cent against the GBP. Year over year the NOK has strengthened against the USD with 1.0 per cent.

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

Biomass

The standing biomass in Norway totalled 746,600 tonnes round weight at the close of the third quarter 2017. This is 7.9 per cent more than at the same point the year before, when the biomass totalled 691,900 tonnes round weight. At the close of the second quarter 2017, the Norwegian biomass totalled 635,900 tonnes round weight.

Chile had a biomass totalling 301,000 tonnes round weight at the close of the quarter. This is a full 18 per cent more than at the same point last year. As at 30 September 2017, the UK's biomass totalled 93,700 tonnes round weight, 5.3 per cent more than at the same point in 2016.

The total biomass in the Faeroes at the close of the period is estimated at 49,500 tonnes round weight, the same as at the close of the third quarter 2016.

EVENTS AFTER THE BALANCE SHEET DATE

On 15 January 2017, the Ministry of Trade, Industry and Fisheries issued new statutory regulations on production areas for salmon and trout farming. The regulations divide salmon and trout farming operations into 13 separate geographic production zones, replacing the Norwegian Directorate of Fisheries' seven regions.

All ordinary aquaculture licenses are now linked to one of the new production zones. At the same time, a new regulatory regime will be introduced, which will permit a 6 per cent increase in output in areas where the environmental impact is considered acceptable. The presumed effect of salmon lice on wild salmon will be the environmental indicator that determines whether there are grounds for expansion, reduction or maintenance of production levels in a particular area. This is referred to as a "traffic light system", with areas being given a green, red or

amber light. Parameters other than salmon lice may be included as indicators at a later date.

In a press release dated 30 October 2017, the Ministry of Trade, Industry and Fisheries announced which colors have been given to the various production areas. Eight of the 13 zones have been given a green light, which opens the way for an expansion in production levels. This also applies to zones in which SalMar has production facilities in northern parts of the Central region and in the Northern region. In the zones that have been given a green light, SalMar holds a total of 40 production licenses, corresponding to a combined MAB of 37,344 tonnes.

On 6 November 2017, the Ministry of Trade, Industry and Fisheries published its proposed conditions for allowing increases in capacity under the new system for production growth. In sum, these conditions open for the award of 24,000 tonnes of new capacity. The conditions state that licence-holders in "green" production zones will be offered the chance to increase the MAB of existing licenses by 2 per cent. They will also be offered the chance to increase capacity by up to 6 per cent in connection with licenses that meet the requirements for exemption in all categories of production zone, including those defined as "red" and "yellow". According to the proposed conditions, the fee for the capacity increase will be set at NOK 120,000 per ton of increased capacity.

Any increase in capacity not utilized in the award of 2 per cent growth on licenses in "green" zones and the award of increased capacity in connection with licenses that meet the requirements for exemption, will be awarded in the form of new licenses by means of an auction system.

SHARES AND SHAREHOLDERS

At the close of September 2017, SalMar had a total of 113,299,999 shares outstanding, divided between 5,021 shareholders.

The company's major shareholder, Kverva AS, owns 53.4 per cent of its shares. The 20 largest shareholders own a total of 75.64 per cent of the shares. SalMar ASA is the ninth largest shareholder, with a holding of 984,368 shares, corresponding to 0.87 per cent of the total number of shares outstanding as at 30 September 2017.

During the period, SalMar's share price fluctuated between NOK 195.80 and NOK 233.00. The final price at the close of the quarter was NOK 225.00. The final price at the close of the previous quarter was NOK 207.10. Consequently, the share price rose by 9 per cent during the period. The final price at the close of 2016 was NOK 258.10. The company's share price is therefore 13 per cent lower after the first nine months of this year.

Just over 12.2 million of the company's shares were traded in the quarter. This corresponds to around 11 per cent of the total number of shares outstanding. An average of 187,675 SalMar shares were traded daily during the period.

TRANSACTIONS WITH RELATED PARTIES

During the period, there occurred no changes or particular transactions with related parties that have had a material impact on the Group's financial position or results.

OUTLOOK

The global supply of Atlantic salmon rose by 10 per cent in the third quarter 2017, compared with the third quarter 2016. A similar increase is also expected in the fourth quarter, with the result that the total supply of Atlantic salmon in 2017 as a whole is expected to come to 2.28 million tonnes, some 5 per cent more than in 2016.

Following a reduction in output from Norway in the first half-year, production in the third quarter was 4 per cent higher than in the same period last year. This trend is expected to continue, with the result that for both the fourth quarter alone and 2018 as a whole, output of Atlantic salmon from Norway is expected to rise by 8-9 per cent. For 2018, this corresponds to an increase of 93,500 tonnes, bringing total output to 1.3 million tonnes.

In Chile, output of Atlantic salmon rose by a full 26 per cent in the third quarter. This strong growth rate is predicted to continue in the coming two quarters, before tailing off in the second half of 2018. In the fourth quarter this year, production is expected to grow by 16 per cent, such that the overall output from Chile in 2017 as a whole is forecast to reach 552,600 tonnes, up 10 per cent on the year before. For 2018, the combined volume harvested in the region is estimated at 595,900 tonnes, 8 per cent more than this year.

At around 43,200 tonnes, North America's combined output was 4 per cent higher in the third quarter this year than last. Output is expected to rise by 7 per cent in the fourth quarter to 44,300 tonnes. For the year as a whole, however, the volume produced is expected to decrease by 3 per cent to 160,100 tonnes. Output in 2018 is expected to rise by 4 per cent, largely driven by substantial growth in the year's first quarter.

Overall output in the UK is expected to increase by 17,400 tonnes to an estimated 174,800 tonnes in 2017 as a whole. In the same period, the Faeroes is expected to produce some 4,800 tonnes more than the year before, bringing total output to 82,100 tonnes. From 2017 to 2018, only marginal changes in production volume are expected in the two regions.

Output from other regions is estimated to total 102,200 tonnes in 2017 as a whole, up 14,900 tonnes or 17 per cent on 2016. Other producing regions are expected to produce 110,600 tonnes in 2018, an increase of 8 per cent on this year.

On 28 February 2016, SalMar was awarded the first eight aquaculture development licences for Ocean Farming AS's offshore fish farm concept. Construction of a full-scale pilot facility and the advanced equipment it requires has now been completed on time and within budget in China.

The pilot facility, Ocean Farm 1, arrived at its location in Frohavet off the coast of Trøndelag on 5 September 2017. Its installation at the site and the initial transfer of fish have gone to plan. The project has now entered an operative pilot phase. The first generation to be produced at the offshore facility is expected to be harvested in the second half of 2018. If it succeeds, the project has major potential for the entire aquaculture industry.

The biological situation in Central Norway improved through the third quarter, and is considered better than a year ago. Fish transferred to sea farms in the spring of 2017 have performed well so far. The region's biomass was 26 per cent higher at the close of the period than at the same point last year.

SalMar has implemented a number of measures to deal with the challenges posed by salmon lice as well as to improve overall fish health in other respects. This has strengthened SalMar's ability to manage the situation successfully, evidence of which has been seen in the third quarter. This is also expected to be the case in the coming quarters.

The positive trend in Northern Norway is expected to continue, with costs holding steady in the coming quarters. The standing biomass at the close of the quarter is 10 per cent higher than at the corresponding point last year.

SalMar continues to focus on reducing costs through already initiated cost-cutting measures.

SalMar expects to harvest 134,000 tonnes in 2017, and 143,000 tonnes in 2018.

In the fourth quarter 2017, contract sales will account for around 40 per cent of the volume. The average price of the contract portfolio is on a par with previous quarters. The contract share for 2018 is as of mid-November at 25 per cent.

SalMar continues to experience strong demand for salmon in its key markets, and the board expects the company's results to remain strong in the coming quarters.

INCOME STATEMENT

NOK million	3Q 2017	3Q 2016	YTD 2017	YTD 2016	FY 2016
Operating income	2 676,6	2 262,1	8 036,6	6 553,5	9 029,8
Cost of goods sold	1 155,8	1 022,9	3 459,4	2 780,3	4 000,8
Payroll expenses	219,2	217,9	687,5	622,6	861,5
Other operating expenses	398,1	354,7	1 137,1	1 012,3	1 377,8
EBITDA	903,5	666,5	2 752,6	2 138,3	2 789,7
Depreciations and write-downs	102,1	90,2	297,6	263,6	358,0
Operational EBIT	801,3	576,3	2 455,0	1 874,7	2 431,6
Fair value adjustment	469,5	173,3	0,6	117,6	654,0
Operational profit	1 270,9	749,6	2 455,6	1 992,3	3 085,6
Income from investments in associates	32,9	67,5	190,0	159,5	286,8
Net interest costs	-24,4	-27,0	-69,2	-74,8	-101,3
Other financial items	15,9	26,4	-14,9	46,9	70,9
Profit before tax	1 295,3	816,5	2 561,5	2 123,9	3 342,1
Tax	305,5	189,1	564,9	489,6	691,1
Net profit for the period	989,8	627,3	1 996,5	1 634,3	2 651,0
<i>Items to be reclassified to profit and loss in subsequent periods:</i>					
Change in translation diff. associates	-14,8	-36,9	8,0	-107,6	-105,3
Change in translation diff. subsidiaries	-4,3	-0,4	-2,9	1,6	-1,8
Cash flow hedge, net tax	-2,1	-0,6	-11,5	-0,6	11,5
Change in fair value of currency instruments	-	-	-	-	-0,3
Total comprehensive income	968,5	589,5	1 990,1	1 527,7	2 555,1
<i>Allocation of the periods net profit:</i>					
Non-controlling interests	8,4	-15,6	21,6	-7,8	13,9
Shareholders in SalMar ASA	981,3	642,9	1 974,9	1 642,1	2 637,1
Earnings per share (NOK)	8,74	5,73	17,58	14,65	23,51
Earnings per share - diluted	8,71	5,71	17,53	14,59	23,43



BALANCE SHEET – GROUP

NOK million	30.09.2017	30.06.2017	31.12.2016	30.09.2016
ASSETS				
Intangible fixed assets	2 929,2	2 929,9	2 910,8	2 911,9
Tangible fixed assets	3 578,9	3 420,7	3 137,5	3 050,1
Financial fixed assets	1 052,5	1 060,3	960,0	857,0
Total fixed assets	7 560,6	7 410,9	7 008,3	6 819,0
Inventory	4 904,8	4 350,4	5 221,8	4 286,6
Accounts receivables	551,6	546,6	595,8	484,5
Other short-term receivables	227,4	298,2	302,1	407,1
Cash and cash equivalents	193,6	224,2	273,7	419,8
Total current assets	5 877,4	5 419,4	6 393,4	5 597,9
TOTAL ASSETS	13 438,0	12 830,3	13 401,7	12 416,9
EQUITY AND LIABILITIES				
Paid-in equity	561,9	551,2	529,0	523,3
Reserves	6 686,0	5 725,9	6 069,4	5 060,6
Minority interests	85,9	87,3	82,4	60,7
Total equity	7 333,8	6 364,4	6 680,8	5 644,6
Provisions for liabilities	1 421,9	1 332,2	1 495,3	1 228,9
Int. bearing long-term liabilities	1 463,8	2 320,3	2 439,6	2 230,5
Total long-term liabilities	2 885,7	3 652,4	3 934,9	3 459,5
Int. bearing short-term liabilities	344,8	216,1	198,6	140,4
Other short-term liabilities	2 873,7	2 597,4	2 587,4	3 172,4
Total short-term liabilities	3 218,5	2 813,5	2 786,0	3 312,8
TOTAL EQUITY AND LIABILITIES	13 438,0	12 830,3	13 401,7	12 416,9
Net interest bearing debt	1 615,0	2 312,2	2 364,5	1 951,2
Equity share	54,6 %	49,6 %	49,9 %	45,5 %

CASH FLOW

NOK million	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Profit before tax	1 295,3	816,5	2 561,5	2 123,9	3 342,1
Tax paid in period	-	-	-19,8	-17,6	-291,0
Depreciation	102,1	90,2	297,6	263,6	358,0
Share of profit/loss from associates	-32,9	-67,5	-190,0	-159,5	-286,8
Gains exit subsidiaries	-	-	-11,0	-28,4	-26,6
Change in fair value adjustments	-469,5	-173,3	-0,6	-117,6	-654,0
Change in working capital	26,7	302,6	64,7	855,5	364,2
Other changes	48,6	-31,1	145,9	45,5	-81,2
Net cash flow from operating activities	970,3	937,4	2 848,3	2 965,5	2 724,6
Net cash flow from investing activities	-234,6	-246,0	-645,1	-1 089,3	-1 231,3
Change in interest-bearing debt	-727,7	-438,3	-841,2	-530,9	-264,0
Dividend paid out	-9,8	-4,7	-1 366,0	-1 125,9	-1 125,9
Interest paid	-24,4	-27,2	-69,2	-75,0	-101,3
Other changes	-	-	-4,0	-	-
Net cash flow from financing activities	-761,9	-470,2	-2 280,4	-1 731,7	-1 491,2
Net change in cash for the period	-26,3	221,2	-77,2	144,5	2,1
Foreign exchange effects	-4,3	-0,4	-2,9	1,6	-2,1
Cash in the beginning of the period	224,2	198,9	273,7	273,7	273,7
Cash at the end of the period	193,6	419,8	193,6	419,8	273,7



CHANGES IN EQUITY

2017	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.17	28,3	-0,2	415,3	85,7	7,1	6 062,2	82,4	6 680,8
Net profit for the year						1 974,9	21,6	1 996,5
Comprehensive income					-2,9	-3,5	0,0	-6,4
Total comprehensive income for the year	0,0	0,0	0,0	0,0	-2,9	1 971,4	21,6	1 990,1
<i>Transactions with shareholders</i>								
Dividend paid						-1 347,8	-18,2	-1 366,0
Exit non-controlling interests						-4,0		-4,0
Options granted				32,8				32,8
Other changes								0,0
Sum transactions with shareholders	0,0	0,0	0,0	32,8	0,0	-1 351,8	-18,2	-1 337,1
Equity as at 30.09.2017	28,3	-0,2	415,3	118,5	4,2	6 681,8	85,9	7 333,8

2016	Share capital	Treasury shares	Share premium	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						2 637,1	13,9	2 651,0
Comprehensive income					-2,1	-93,8		-95,9
Total comprehensive income for the year	0,0	0,0	0,0	0,0	-2,1	2 543,3	13,9	2 555,1
<i>Transactions with shareholders</i>								
Dividend paid						-1 121,2	-4,7	-1 125,9
Exit non-controlling interests							-6,5	-6,5
Options granted				27,9				27,9
Redeemed options treasury shares		0,0				0,0		0,0
Deferred tax options						4,1		4,1
Other changes						-1,0		-1,0
Sum transactions with shareholders	0,0	0,0	0,0	27,9	0,0	-1 118,1	-11,2	-1 101,3
Equity as at 31.12.16	28,3	-0,2	415,3	85,7	7,1	6 062,2	82,4	6 680,8

SEGMENTS

	Farming Central-Norway	Farming Northern-Norway	Sales and Processing	Elim.	Group
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3Q 2017

Operating income (NOK mill.)	1 358,2	623,1	2 763,4	-2 068,1	2 676,6
Operational EBIT (NOK mill.)	488,5	293,3	46,2	-26,6	801,3
Operational EBIT %	36,0 %	47,1 %	1,7 %		29,9 %
Harvested volume (1,000 t _{gw})	23,2	10,8			34,0
EBIT/ kg gw (NOK)	21,05	27,29			23,60

3Q 16

Operating income (NOK mill.)	1 424,9	369,0	2 697,1	-2 228,9	2 262,1
Operational EBIT (NOK mill.)	545,8	181,4	-118,8	-32,1	576,3
Operational EBIT %	38,3 %	49,2 %	-4,4 %		25,5 %
Harvested volume (1,000 t _{gw})	23,4	6,2			29,6
EBIT/ kg gw (NOK)	23,35	29,12			19,46

YTD 2017

Operating income (NOK mill.)	3 836,5	2 236,1	8 158,1	-6 194,1	8 036,6
Operational EBIT (NOK mill.)	1 533,8	1 147,7	-127,7	-98,8	2 455,0
Operational EBIT %	40,0 %	51,3 %	-1,6 %		30,5 %
Harvested volume (1,000 t _{gw})	60,6	34,7			95,2
EBIT/ kg gw (NOK)	25,33	33,11			25,78

YTD 2016

Operating income (mill.)	3 361,8	2 009,1	6 640,1	-5 457,5	6 553,5
Operational EBIT (mill.)	1 434,7	1 036,7	-505,3	-91,4	1 874,7
Operational EBIT %	42,7 %	51,6 %	-7,6 %		28,6 %
Harvested volume (1,000 t _{gw})	55,5	33,6			89,1
EBIT/ kg gw (NOK)	25,85	30,89			21,05

FY 2016

Operating income (mill.)	4 343,5	2 799,2	9 035,8	-7 148,7	9 029,8
Operational EBIT (mill.)	1 770,2	1 480,3	-685,8	-133,1	2 431,6
Operational EBIT %	40,8 %	52,9 %	-7,6 %		26,9 %
Harvested volume (1,000 t _{gw})	70,5	45,2			115,6
EBIT/ kg gw (NOK)	25,13	32,78			21,03

KEY FIGURES – GROUP

	3Q 2017	3Q 2016	YTD 2017	YTD 2016	FY 2016
Number of shares (diluted) - end of period (mill.)	112,7	112,5	112,7	112,5	112,6
Earnings per share (NOK)	8,74	5,73	17,58	14,65	23,51
Earnings per share - diluted (NOK)	8,71	5,71	17,53	14,59	23,43
EBITDA %	33,8 %	29,5 %	34,3 %	32,6 %	30,9 %
Operational EBIT %	29,9 %	25,5 %	30,5 %	28,6 %	26,9 %
EBIT %	47,5 %	33,1 %	30,6 %	30,4 %	34,2 %
Profit before tax %	48,4 %	36,1 %	31,9 %	32,4 %	37,0 %
Cash flow per share - diluted (NOK)	8,61	8,33	25,28	26,36	24,21
Net interest bearing debt (mill.)	1 615,0	1 951,2	1 615,0	1 951,2	2 364,5
Equity ratio %	54,6 %	45,5 %	54,6 %	45,5 %	49,9 %

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

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 2016. No new or amended accounting standards or interpretations went into force in 3Q 2017.

Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA AS	60 500 000	53,40 %
FOLKETRYGDFONDET	7 774 510	6,86 %
STATE STREET BANK AND TRUST COMP	2 260 530	2,00 %
LIN AS	1 754 498	1,55 %
JPMORGAN CHASE BANK, N.A., LONDON	1 747 005	1,54 %
STATE STREET BANK AND TRUST COMP	1 141 911	1,01 %
JPMORGAN CHASE BANK, N.A., LONDON	1 074 959	0,95 %
CLEARSTREAM BANKING S.A.	1 074 566	0,95 %
SALMAR ASA	984 368	0,87 %
SOCIÉTÉ GÉNÉRALE	877 595	0,77 %
JPMORGAN CHASE BANK, N.A., LONDON	791 538	0,70 %
PARETO AKSJE NORGE	776 235	0,69 %
J.P. MORGAN BANK LUXEMBOURG S.A.	748 637	0,66 %
JPMORGAN CHASE BANK, N.A., LONDON	671 116	0,59 %
STATE STREET BANK AND TRUST COMP	663 839	0,59 %
STATE STREET BANK AND TRUST COMP	628 912	0,56 %
JPMORGAN CHASE BANK, N.A., LONDON	599 771	0,53 %
KLP AKSJENORGE INDEKS	563 806	0,50 %
STATE STREET BANK AND TRUST COMP	539 034	0,48 %
JPMORGAN EUROPEAN SMALLERCOMPANIES	530 654	0,47 %
Top 20	85 703 484	75,64 %
Others	27 596 515	24,36 %
Total	113 299 999	100,00 %

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

Book value of inventory	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Raw materials	110,2	100,3	132,1	117,5
Biological assets	4 663,7	4 123,1	4 997,0	4 067,4
Finished goods	130,9	126,9	92,7	101,6
Total	4 904,8	4 350,4	5 221,8	4 286,6

Fair value adjustment of biological assets	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Historic cost	3 091,0	2 867,1	2 968,3	2 684,1
Fair value adjustment of the biomass	1 572,7	1 256,0	2 028,7	1 383,3
Book value	4 663,7	4 123,1	4 997,0	4 067,4

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:

	3Q 2017	3Q 2016	YTD 2017	YTD 2016	FY 2016
Change in fair value of the biomass	316,7	340,8	-455,9	407,2	1 052,5
Change in provisions for onerous contracts	51,4	-183,1	261,9	-457,2	-316,0
Unrealised change in value of Fish Pool contracts	22,7	-52,0	99,1	-23,7	-144,3
Unrealised changes in the value of currency and forward currency contracts	78,7	67,5	95,5	191,3	61,7
Fair value adjustments recognised in profit and loss	469,5	173,3	0,6	117,6	654,0

Note 5 - Business combinations

Business acquisitions in 2017

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

The acquisition's effect on the balance sheet:

	Book value	Fair value adjustments	Fair value
Deferred tax asset	6,6	0,8	7,4
Fixed assets	1,5	-1,5	0,1
Current assets	7,7	-1,8	5,9
Liquidity	0,2	-	0,2
Liabilities	-31,0	17,5	-13,5
Net identifiable assets and liabilities	-14,9	14,9	0,0
Goodwill			0,0
Cash Consideration			0,0

Business acquisitions in 2016

The Group has made no business combinations in 2016.

Note 6 - Exit of subsidiaries and non-controlling interests

Exit of subsidiaries 2017

Villa Smolt AS

With effect from 31 May 2017, the Group has sold 100 per cent of its shares in the subsidiary Villa Smolt AS. The fair value of the consideration, NOK 16.0 million, has been paid in cash. The subsidiary's exit produced a net gain for the Group of NOK 1.2 million, which is classified as an operating revenue in the second quarter financial statements.

SalMar Genetics AS

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

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

Changes in non-controlling interests 2017

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

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. Fair value of the consideration is estimated at NOK 39.1 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 26.6 million in total. The controlling interest's share of the gain has been recognised in Q1 2016 and is classified as an operating revenue in profit and loss.

The non-controlling interests' share of equity in the period in which the gain was recognised has been reduced by NOK 6.5 million.

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

	<i>Norskott Havbruk</i>	<i>Arnarlax</i>	<i>Others</i>	<i>TOTAL</i>
Opening balance 01.01.2017	609,5	290,8	8,1	908,4
Additions costs	-	-	25,9	25,9
Share of year's profit/loss	235,1	-39,7	-5,5	190,0
Other items in comprehensive income	1,1	6,9	-	8,0
Dividend received	-133,5	-	-	-133,5
Closing balance 30.09.2017	712,2	258,0	28,5	998,7

2017

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

2016

In 2016, loans totalling NOK 242 million have been granted in connection with the financing of a share issue in Arnarlax Hf. The loan has been granted to Salmus AS and other shareholders of this company. SalMar ASA has also received subscription rights in Salmus AS which, from the date on which they are exercised, will give it a shareholding of 69.4 per cent of the latter company. Following the share issue, Salmus AS's indirect shareholding in Arnarlax Hf will total 49.07 per cent. The loan to Salmus AS of NOK 200 million is considered as a part of the investment in the company.

Note 8 - Other financial items

	3Q 2017	3Q 2016	YTD 2017	YTD 2016	FY 2016
Net interest expenses	-24,4	-27,0	-69,2	-74,8	-101,3
Other net financial items	15,9	26,4	-14,9	46,9	70,9
Net financial items	-8,4	-0,7	-84,1	-27,9	-30,4