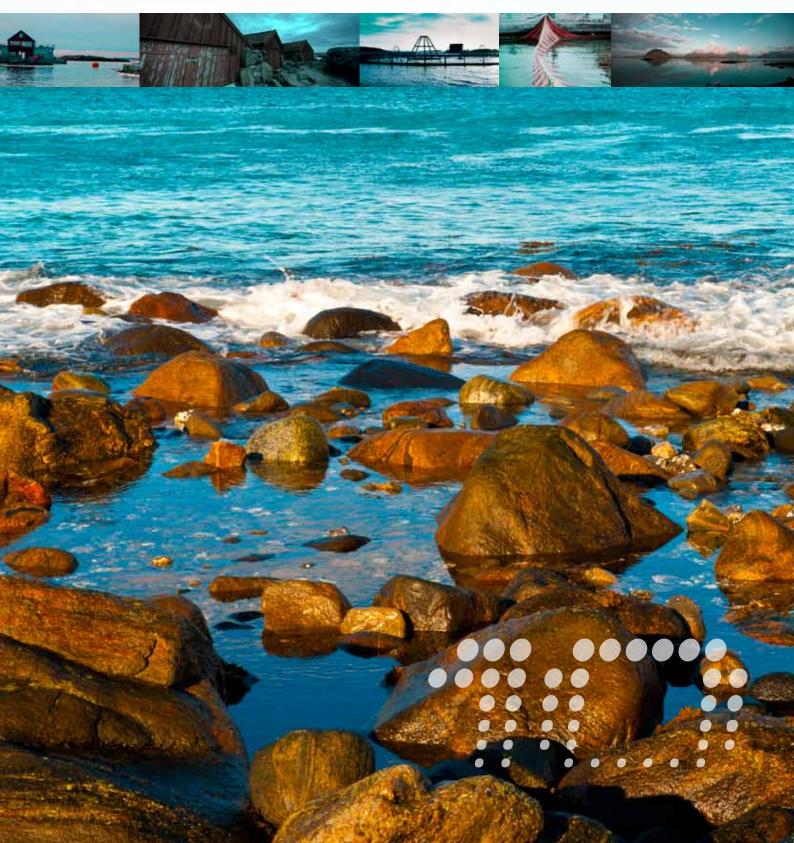


ANNUAL REPORT 2010



This is SalMar Key figures CEO's report 10 ♦ The ABC of salmon farming 12 Health, Safety and the Environment 15 • Corporate Governance 20 The management 22 Shareholder information **25** • Board of directors' statement 39 Consolidated financial accounts 81 SalMar ASA financial accounts 96 Auditors report Statement of responsibility Many of the photos in this yeas annual report is from SalMar's operations in Northern Norway, in the county of Troms. The photo on the cover is from Mefjorden by the island of Senja. Photo: Lena Sørensen

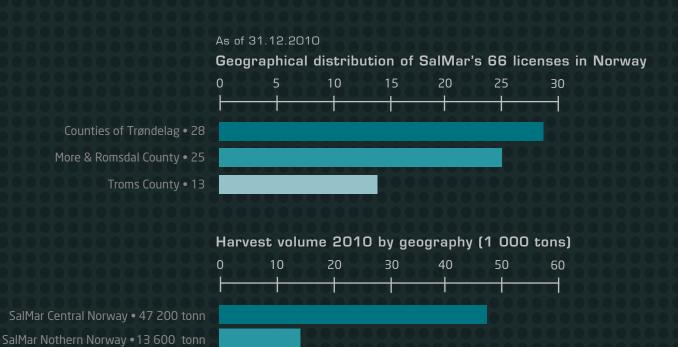




SalMar is one of the world's leading producers of Atlantic salmon and is integrated from roe and smolt to value added products and sales. SalMar have significant farming operations in both Central and Northern Norway, as well as in Scotland through 50% ownership in Scottish Sea Farms and the Faroe Islands through 23.3% ownership in Bakkafrost. SalMar also operate a comprehensive harvesting and VAP facility at the company's headquarters at Frøya in Sør-Trøndelag, Central Norway.

Learn more about SalMar at www.salmar.no

SALMAR SALMAR RAUMA SCOTTISH BAKKAFROST SALMAR CENTRAL NORWAY NORTHERN NORWAY GRUPPEN (75,5%) SEA FARMS LTD (50%) (23,3%) JAPAN



1) SalMars 50% share 2) Volumes after SalMars takeover july 2010

Rauma Gruppen 2) • 4 200 tonn

Scottish Sea Farms Ltd 1) • 13 500 tonn

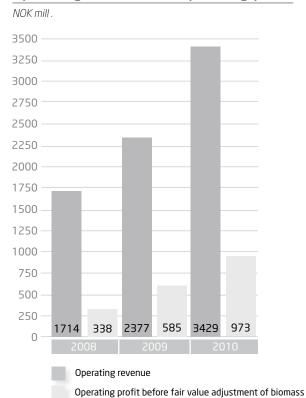
FINANCIAL CALENDAR 2011

24th of February 2011: 4th Quarter 2010 results 25th of May 2011: 1st Quarter 2011 results 1st of June 2011: Annual General Meeting 19th of August 2011: 2nd Quarter 2011 results 9th of November 2011: 3rd Quarter 2011 results SalMar holds quarterly presentations open to the public. The presentations will take place at 08.00 CET at Hotel Continental in Stortingsgaten 24/26 in Oslo, Norway.

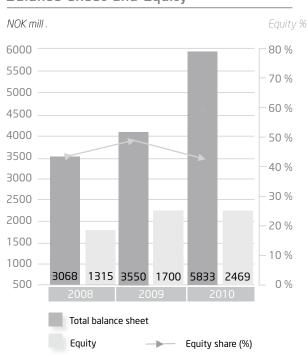
The Board has proposed a dividend of NOK 4.00 per share, a total of NOK 412 million. If the dividend is approved, the shares will trade ex. dividend starting from June 2, 2011



Operating revenue and operating profit



Balance sheet and Equity



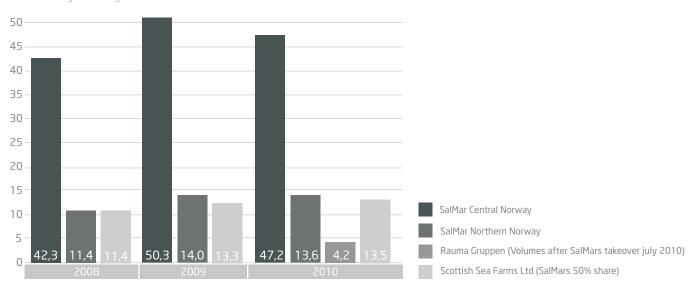
OPERATING REVENUES AND OPERATING PROFIT	2010	2009	2008
Operating revenues	3 429	2 377	1 714
Operating profit before fair value adjustment of biomass	973	585	338
Operating margin	28 %	25 %	20 %
Operating profit after fair value adjustment of biomass	1 154	580	305
Profit before tax	1 261	634	235
Profit margin	37 %	27 %	14 %
Profit after tax	958	471	169
Earnings per share before fair value adjustment of biomass	7,9	4,6	1,9
Earnings per share after fair value adjustment of biomass	9,2	4,6	1,6

KEYfigures



HARVEST VOLUME

1 000 tons - gutted weight

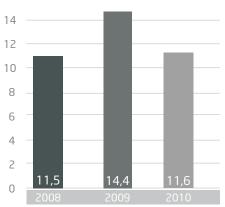


	BALANCE SHEET AND EQUITY	2010	2009	2008	
F	Fixed assets	3 470	1 961	1 793	
(Current assets	2 363	1 589	1 275	
7	Total assets	5 833	3 550	3 068	
E	Equity	2 469	1 700	1 315	
	Debt	3 364	1 850	1 753	
1	Total Equity and debt	5 833	3 550	3 068	
N	Net interest bearing debt	1 813,5	783,8	984,4	
E	Equity share	42 %	48 %	43 %	



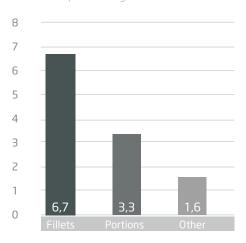
VOLUME VALUE ADDED PRODUCTS

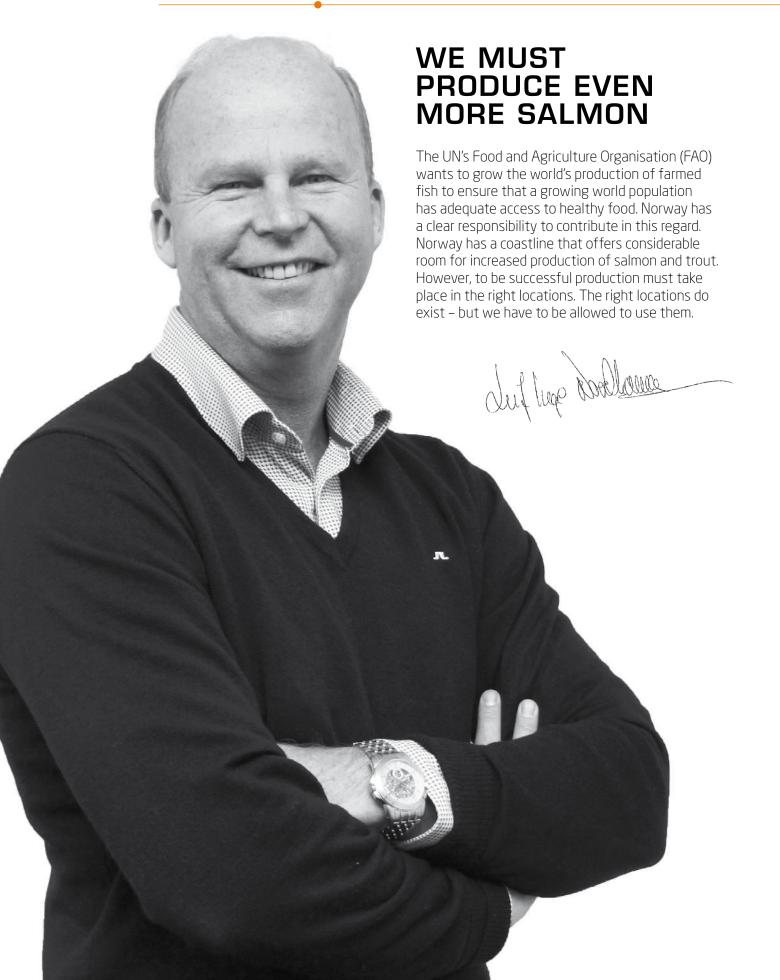
1 000 tons – product weight



VALUE ADDED PRODUCTS 2010

1 000 tons – product weight





industry that has become the CORNERSTONE of many coastal communities

In 2010 Norway exported 2.7 million tonnes of seafood, valued at NOK 53 billion. 850,000 tonnes gutted weight of Atlantic salmon and 56,000 tonnes of trout were produced, worth a total of NOK 33.5 billion in export revenues. This means that salmon and trout exports account for almost 2/3 of all the seafood exported from Norway. Norway's natural environment provides conditions for producing even more salmon. The framework for further growth is determined by the Norwegian authorities through the issuance of new licences or an increase in the maximum allowable biomass (MAB) permitted under existing licences. The way the authorities manage the country's resources is extremely important for stability and how effectively fish farmers can operate their production licences

Since the authorities awarded production licences in 2009, they have halted the granting of new licences and any growth in MAB. This can largely be attributed to the focus that has been put on the salmon lice situation, and the fact that it has become fashionable to demand that the industry "operates sustainably". For us it is a given that the industry needs to control the salmon lice situation and in all aspects "operate sustainably". It is through resolute action and the implementation of measures that we can demonstrate our ability to honour our responsibilities and the privilege of operating sustainable fish farms along the coast. Our environmental impact cannot be greater than what is acceptable to society.

At the same time, sustainability is also about the continuous development of an industry that has become the cornerstone of many coastal communities. The right to have a job to go to, the right to retain viable rural communities, that too is part of sustainability. But the main responsibility to "operate sustainably" lies with us as farmers.

Combatting salmon lice is vital for the industry's reputation with the general public and the scientific, political and regulatory communities. SalMar has implemented an ambitious and sustainable salmon lice strategy, whose aim is to reduce the amount of medication used by 80 per cent by 2013. The strategy is built on solutions that are robust, long-term and flexible, as well as being environmentally and financially sustainable. Animal welfare is also an important factor in this matter. To effectively manage the salmon lice situation, SalMar have over the past year invested approx. NOK 80 million in measures such as developing a lice purging system, the purchase and farming of cleanerfish (wrasse), and increased wellboat capacity for use in delousing activities, among other things.

In doing so we intend to demonstrate that we are taking responsibility for resolving a difficult and challenging situation for both salmon farmers and the wild salmon sector. We believe that these challenges can be resolved in close cooperation with scientific, political and regulatory communities

The salmon-farming industry has recently been subjected to much criticism in various media, based partly on incorrect claims. It can also be argued that parts of the media are not particularly diligent in dealing with "the facts" they present. The industry has become an easy target for committed activists and armchair pundits with media appeal and a clear agenda. Learning through trial and error, coupled with a degree of media aversion in the industry, has probably contributed to this development.

Take, for example, the claim that the farming of salmon is emptying the oceans of wild fish, thereby stealing food

from some the world's poor populations. Fish oil and fishmeal have always been produced from fish that it has not been possible to sell for human consumption – whether it is caught in African, South American or European waters. A quarter of the contents is made up of fish offal and offcuts, while the rest comprises small, bony fish that would otherwise largely have been thrown away. In other words, three quarters of the raw materials for the fishmeal industry is made up of organic waste. Before salmon farming became an industry, almost all omega-3 fatty acids were lost, since the fish oil was used for heating purposes or the production of oil-based paint. Today, we know that the omega-3 content of Norwegian farmed salmon is by itself enough to cover the annual recommended intake of omega-3 for 150 million people. The fish-farming industry has grown 50-fold since 1980. During the same period the volume of wild fish taken from the sea has remained constant, and the global output of fishmeal and fish oil has fallen by 10 per cent. Overfishing is not due to fish farming, but irresponsible fisheries policies in many countries. Most of the world's large fish populations are either/fished to the limit or overfished.

The fish-farming industry is also accused of almost exterminating wild salmon from some Norwegian rivers. According to statistics produced by the Norwegian Directorate for Nature Management (DNF), there are many factors other than fish-farming which affect and threaten wild salmon populations. These include the construction hydropower plants, agricultural pollution and the parasite gyrodactalus salaris. Despite this, it has become an accepted fact that wild salmon is being eradicated from Norway's rivers by farmed salmon. Unfortunately, too many salmon are still escaping from Norwegian fish farms, and SalMar experienced a mass escape of fish in February 2011. We deeply regret this, and have a clear goal of zero escapes in SalMar. Our routines for preventing such incidents are good, but in this specific case we failed to reach our own standards. We have reviewed our routines and practices once again, and will work systematically to eliminate the risk of salmon escaping.

2010 was an eventful year for SalMar. Construction of our new InnovaMar plant was completed. The harvesting plant went into operation in August, before a fire put it out of commission for six weeks in October and November. In March 2011 the secondary processing plant was put into operation. The combined facility was a NOK 550 million investment, and features the most advanced technological solutions for harvesting and processing salmon. We have also completed a number of business acquisitions, including RaumaGruppen, which also allowed us to extend our value chain to include brood stocks and egg production. Through the efficient utilisation of our licences we aim to harvest 92,000 tonnes gutted weight in Norway in 2011. Over the past 15 years our annual rate of volume growth has been 25 per cent, while operating profits have risen by an average of 33 per cent annually during the same period. The formidable growth we have experienced in SalMar has also brought challenges with regard to the development of management expertise in a group whose workforce will soon number 600 people. We have therefore initiated a management development programme which, together with a revitalised SalMar School, will help us to continue developing SalMar and consolidate our position as one of the world's most effective and profitable fish-farming companies.

Regardless of financial strength, operating conditions or the market situation, it is the skills and efforts of a company's workforce which in the long run determine if it will succeed. In this perspective SalMar is well positioned.

For many years I have had the privilege of working alongside some extremely capable people – in my view the best in the business. Knowledgeable and forward looking people, with a tireless focus on operational performance and the ability to resolve whatever challenges they face. I would like to thank everyone for their hard work throughout 2010 – it has been a formidable effort. The foundation has been laid for 2011 to be another record year in SalMar's history.



The Norwegian salmon farming industry has developed enormously both technically and biologically since its infancy in the early 1970s. The entire value chain, from roe to fillet, is still subject to major investments in research and development in order to further improve the production of safe and healthy food. Farmed salmon from Norway is becoming an increasingly popular part of a healthy diet for people in more than 120 countries around the world.

Growth



THE VALUE CHAIN of the farmed salmon is amongst the world's most EFFICIENT production processes in terms of producing PROTEIN with THE LEAST AMOUNT OF EMISSIONS



BROODSTOCK

The broodstock are the parent fish which provide the eggs and sperm (milt) required to produce new generations. The fertilised eggs take 60 days to hatch when placed in an incubator kept at eight degrees Celsius.

EYED SALMON EGGS

After 25-30 days in the incubator the eggs have developed to the stage where the eyes of the salmon are clearly visible as two black dots inside the egg.

FRY

The egg hatches when the eggshell cracks open, liberating the baby fish (fry) inside. When it hatches the fry is attached to a yolk sac, which provides it with the sustenance it needs during its first few weeks of life. From now on the fish's growth and development will all depend on temperature.

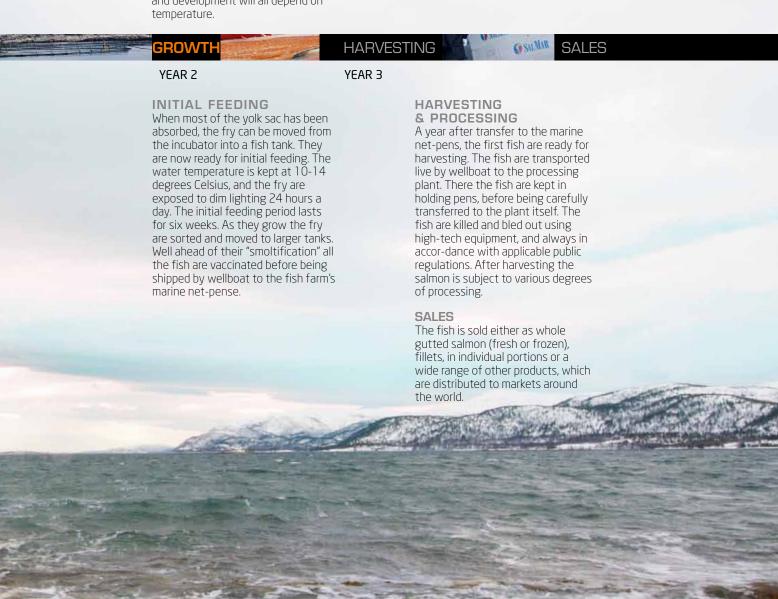
SMOLTIFICATION

The process whereby the juvenile fish transition from a life in freshwater to a sea-going existence is called smoltification. During this process the fish develop a silver sheen to their bellies, while their backs turn a blue-green colour. Their gills also change when the juvenile fish turns into a smolt.

ON-GROWING

The farming of fish for human consumption takes place in net-pens, large enclosed nets suspended in the sea by flotation devices. In addition to a solid anchorage, net-pens require regular cleaning and adequate measures to prevent the farmed fish from escaping. Growth in the net-pens is affected by feeding, light and water quality. Here too the fish are sorted as they develop and grow.

alMar I ANNUAL REPORT



HEALTH, SAFETY AND THE ENVIRONMENT

SalMar has a presence in many local communities and districts. The Group's corporate social responsibility therefore has many facets: as an employer, a production company, a producer of healthy food, a user of the natural environment, and as custodian of financial and intellectual capital. By showing that "we care" SalMar contributes to increased awareness of these issues, both internally and externally in those locations in which the company operates.

CODE OF CONDUCT AND SOCIAL RESPONSIBILITY

SalMar has drawn up a code of conduct whose purpose is to contribute towards the development of a healthy corporate culture and uphold the company's integrity. Employees are made aware of the code of conduct through information meetings and HSE instructions. The code of conduct is also available from the company's website. Specific procedures have been drawn up to enable employees to bring to the company's attention any matters which they feel are a cause for concern. These procedures also allow employees to notify the company of their concerns anonymously through an external channel.

Maintaining a high ethical standard in all areas of the business is an absolute, and constitutes the very foundation of SalMar's HSE strategy, while social responsibility is about integrating social and environmental considerations into the business's strategic and decision making processes, as well as day-to-day operations. For SalMar this means that we will ensure long-term profitability and growth through sustainable fish farming and processing by acting as a responsible corporate citizen. The term sustainability casts a wide net. In addition to HSE issues, human and labour rights



are important areas, as are responsible business practices and efforts to combat corruption. SalMar is focusing intently on acting with genuine social responsibility and maintaining a high ethical standard in all parts of the business.

HSE IS A FOCUS AREA

In 2010 SalMar again prepared an HSE-report covering the entire Group. The report reflects the holistic scope of the work undertaken in the HSE field during 2010, and forms the basis for identifying new focus areas and relevant measures. SalMar has also further intensified its focus on sustainability through certification processes (Global Gap), monitoring and training (Tryg), studies (sustainable value creation) and the Carbon Disclosure Project (CDP). CDP is the world's largest register of businesses' greenhouse-gas emissions. Behind the register are 534 investors from around the world who together manage assets worth US\$64 trillion. 25 Norwegian businesses reported data to the CDP project. SalMar is proud to have scored highest of all the Norwegian participants. SalMar maintains a holistic perspective with respect to its aquaculture activities, and is working hard throughout the organisation to achieve efficient energy consumption and implement climate-friendly solutions.

Various facets of the Group's overall business activities involve one or more aspects of HSE:

- Focus on food safety at all stages of the production process.
- At all times offer high-quality products which meet our customers' demands and the needs of a global market
- Contribute to the economic and social development in local communities.
- Continue to provide meaningful and lasting jobs
- Care for the environment throughout the production chain.

As a consequence of these and other circumstances, SalMar has drawn up a set of overarching objectives, with associated activities and action plans. The objectives relate both to specific HSE issues and sustainability as a whole. Some objectives are common to all group operations, and from these each division creates its own sub-goals. In 2010 SalMar achieved many of its objectives with regard to the external environment, working environment and personal safety. An important measure implemented in 2010 consisted of training for health and safety representatives and the development of arenas (physical and electronic) with HSE as the topic of discussion. Furthermore, great efforts were made to embed day-to-day HSE activities throughout the organisation.

RISK ASSESSMENT AND ENVIRONMENT MANAGEMENT

The Group's structured risk assessment activities were evaluated and further developed following the comprehensive review which was carried out in 2009. All levels in the organisation were involved in the process, and all divisions have improved their approach to risk management. Furthermore, a comprehensive management and governance model was also drawn up in 2010. The model's overarching purpose is to create and highlight the link running from the Group's goals and strategies through the divisions' goals, organisation and operations to the specific quality and HSE targets. This also includes comprehensive risk assessment efforts. Risk assessments are carried out in accordance with the Norwegian

standard NS 5814, and result, without exception, in the creation of contingency and action plans, which are reviewed on a regular basis.

At SalMar, our aim is to reduce the company's impact on the external environment through a continuous focus on environmental issues at all stages in production. Management personnel have a defined environmental responsibility in their job descriptions, and HSE instructions have been drawn up for all employees. As in other areas of the Group's operations, SalMar standards have been drawn up for HSE, and the results of inspections are published on in-house forums.

To achieve continuous and long-lasting improvement SalMar believes it is necessary to involve employees at all levels, while ensuring that managers are committed to realising the goals that have been set. All non-compliances are reported, dealt with and evaluated on an ongoing basis. Non-compliances are recorded electronically. The company's environmental performance is reviewed systematically by group management, while SalMar ASA's board of directors receives bi-annual reports. All new employees receive HSE training at induction courses, workplace seminars and the SalMar School. New and ambitious HSE targets have been set for 2011. These comply with the Group's environment management plan. One important area of focus here will be to draw up uniform systems for handling HSE issues in all companies within the SalMar Group.

DISCRIMINATION

The Group offers equal opportunities to employees and job applicants, as per Section 1 of the Anti-Discrimination Act. The Group is working actively to ensure its various business operations meet the requirements of the Act. For employees or job seekers with reduced functional capabilities, the workplace and the job content are tailored to the individual concerned.

ABSENCE DUE TO SICKNESS

The short-term sickness absence rate in 2010 was 2.53 per cent, compared with 2.92 per cent in 2009. The long-term sickness absence rate in 2010 was 3.60 per cent, compared with 3.98 per cent in 2009. Sickness absence is considered relatively low in relation to other comparable businesses. Systematic efforts are being made to implement preventative measures and adapt employees' working conditions to their individual needs. A total of 51 job-related injuries were reported during the year, compared with 38 the year before. The rise in the number of registered injuries can be ascribed to increased focus on the reporting of incidents. Important measures to reduce the number of injuries in 2011 will be an increased level of activity on the part of SalMar's health and safety organisation, and the involvement of all employees in the systematic HSE effort.





Compliance with code of practice shall be in accordance with the "comply or explain" principle. This means that listed companies must comply with the code of practice or, if appropriate, explain why the company has chosen a different solution. This account explains how SalMar in 2010 have complied with the code of practice that has been in effect at any given time. It also gives some indications on how SalMar in 2011 will comply with the code of practice published on 21 October 2010.

1. CORPORATE GOVERNANCE

SalMar's board of directors has determined that the company shall comply with the Norwegian Code of Practice for Corporate Governance. SalMar has been listed on the Oslo Stock Exchange since May 2007, since when it has worked steadily to comply with the code's stipulations.

SalMar has always operated its business in line with core values which have been communicated to the organisation, partly through the employees' participation in the SalMar School, which was set up in 2002 and has been further developed each year since then. These values are based, among other things, on such principles as equality, quality, care for the environment, focus on work tasks and continuous improvement.

SalMar has also drawn up a code of conduct, whose purpose is to safeguard and develop the company's values, create a healthy corporate culture and uphold the company's integrity. The code of conduct is also meant to be a tool for self-assessment and for the further development of the company's identity. All employees of the company are bound to comply with the ethical guidelines laid down in the code of conduct, which is available from the company's website. In line with the new Code of Practice published 21 October 2010 SalMar's Board will adopt guidelines for social responsibility during the first quarter of 2011.

2. THE BUSINESS

SalMar ASA's objectives are defined in its articles of association (Article 2, see also the company's website): The objective of the company is sea farming, processing and trading of all types of fish and seafood, and other financial activities in relation to this. The company may, in accordance with directives from the relevant authorities, conduct general investment activities, including participation in other companies with similar or related objectives.

Targets and strategies are drawn up for each business unit. Within the framework of the above article, SalMar is currently engaged in broodfish, roe, hatchery production, marine-phase farming, harvesting, processing and sale of farmed salmon and white fish.

The company's objectives and main strategies are further discussed in the annual report in the chapters "Message from the CEO" and "Board of directors' statement".

3. EQUITY AND DIVIDEND

As at 31 December 2010 the company had net assets of NOK 2,469 million, which corresponds to an equity ratio of approx. 42 per cent. The board considers SalMar's equity to be adequate in relation to the company's objectives, strategy and risk profile.

SalMar intends to provide shareholders with a competitive return on invested capital, taking into consideration the company's risk profile. Returns will be achieved through a combination of positive share price development and the payment of a dividend. The company plans to pay out surplus liquidity (funds not necessary for the company's day-to-day operation) in the form of a dividend or by means of a capital reduction with distribution to the shareholders. The company will at all times consider whether the available liquidity should be used for new investments or the repayment of debt instead of being paid out as dividend.

The board of directors is proposing a dividend for 2010 of NOK 4.00 per share, or NOK 412.0 million in total.

BOARD AUTHORISATION

The Annual General Meeting of 2 June 2010 authorised the board to increase the company's share capital by up to NOK 2.575 million, though the issue of no more than 10.3 million shares, each with a face value of NOK 0.25. The authorisation is valid until the 2011 AGM. The authorisation may also be used to finance investments and the acquisition of businesses through cash issues and contributions in kind. Given the purpose of the authorisation, the board of directors may need to set aside the preference rights of existing shareholders. Such a move is allowable under the terms of the authorisation.

In line with the Code of Practice for Corporate Governance of 21 October 2009 the company's 2010 AGM treated authorisations for capital increases on a case-by-case basis rather than issuing a general authorisation. The Board also received a mandate to increase the share capital by up to 1.0 million NOK by issuing up to 4.0 million new shares, each with par value 0.25 per share for honoring option programs for senior executives. It follows from the purpose of the authorization that the board may need to put the existing shareholders preferential rights aside, which the authorization opens for.

The AGM also authorised the board of directors to acquire the company's own (treasury) shares with a face value of up to NOK 2,214,500, which corresponds to 8.6 per cent of share capital. The price of shares acquired could range from not less than NOK 1 to not more than NOK 100. The authorisation can be used to purchase company shares in connection with stock option program for senior management and as a means to distributing value to existing shareholders. The authorization remains valid until the 2011 AGM.

"SalMar's board of directors has determined that the company shall comply with the Norwegian Code of Practice for Corporate Governance. SalMar has been listed on the Oslo Stock Exchange since May 2007, since when it has worked steadily to comply with the code's stipulations."

4. NON-DISCRIMINATION OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSELY RELATED PARTIES

SalMar's registered share capital totals NOK 25,750,000, divided between 103,000,000 shares. Each share has a face value of NOK 0.25. SalMar has only one class of shares and all shares have equal rights. Each share carries one vote.

As at 31 December 2010 SalMar ASA owned 1,400,000 treasury shares.

In the event of material transactions with closely related parties, the company shall make use of valuations provided by an independent third party.

In the event of capital increases on the basis of authorization from the General Assembly, where the existing shareholders' rights will be waived, the reason for this will be provided in a public announcement in connection with the capital increase.

SalMar's code of conduct lays out what is required of employees with respect to loyalty, conflict of interest, confidentiality and guidelines for trading in the company's shares. The code of conduct states that all employees must notify the board if they, directly or indirectly, have a material interest in any agreement entered into by the company.

The regulations governing the board's working practices provide guidelines for how individual directors and the CEO should conduct themselves with respect to matters in which they may have a personal interest. Among them is the stipulation that each director must make a conscious assessment of his/her own impartiality, and inform the board of any possible conflict of interest.

5. FREE TRANSFERABILITY

The company's shares are freely transferable on the Oslo Stock Exchange and its articles of association do not contain any restrictions on the shares' transferability.

6. GENERAL MEETING OF SHAREHOLDERS

The company's highest decision-making body is the General Meeting of Shareholders. In accordance with the company's articles of association the Annual General Meeting must be held by the end of June each year.

Invitations to attend, as well as all agenda papers are published on the company's website no later than 21 days prior to the date of the AGM. In line with changes in the Companies Act has SalMar ASA changed its constitution to reflect that in connection with the General Assembly (GA) is no longer necessary to physically distribute the GA documents by mail, as these are made available on SalMar ASA 's web site. A shareholder may still request to receive documents relating to matters discussed at the General Assembly. The agenda for the General Assembly must and will

continue to be distributed physically and will be sent to all shareholders whose address is known to the Norwegian Central Securities Depository (VPS) no later than 21 days prior to the date of the AGM.

Shareholders are entitled to make proposals and cast their votes either in person or through a proxy, including a proxy appointed by the company. The proxy form also enables shareholders to grant a proxy vote for each individual agenda item. The board of directors, Nomination Committee and the company's auditor will be represented at the AGM.

The Board Chair will normally chair the AGM. In the event of any disagreement on individual agenda items where the Board Chair belongs to one of the factions, or for some other reason is not deemed to be impartial, a different person will be selected to chair the meeting in order to ensure independence with respect to the matters concerned.

In all matters relating to the preparation of, invitation to and staging of the company's AGM the company complies with the Norwegian Code of Practice for Corporate Governance. The AGM for 2011 will take place on 1 June on Frøya.

7. NOMINATION COMMITTEE

The company's articles of association stipulate that the Nomination Committee shall comprise a total of three people, who shall be shareholders or shareholders' representatives. The members of the Nomination Committee, including the committee's chair, are elected by the Annual General Meeting. In 2008 the AGM elected Gustav Witzøe (2 years), Endre Kolbjørnsen (2 years) and Therese B Karlsen (1 year) as SalMar's Nomination Committee. In 2009 Therese B Karlsen was re-elected (2 years) and in 2010 Gustav Witzøe (2 years) and Endre Kolbjørnsen (2 years) also was re-elected. Although Gustav Witzøe is a member of the company's administration, the company wishes to benefit from his knowledge and network of contacts in connection with both the Nomination Committee's efforts and in work related to the board in SalMar ASA.

The Nomination Committee recommends candidates for election to the board of directors and directors' fees. The committee's recommendations are based not only on an assessment of each individual candidate but on an evaluation of the board as a group. Although deviating from the Norwegian Code of Practice for Corporate Governance, the Nomination Committee will ask the AGM to vote on its recommendation as a col-

lective and not on each candidate separately. The remuneration payable to members of the Nomination Committee is determined by the AGM. A set of regulations governing the work of the Nomination Committee was adopted at the board meeting of 21 March 2007.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

The company does not have a Corporate Assembly. The articles of association stipulate that the board of directors shall comprise five to nine members, to be elected by the Annual General Meeting. The Board Chair is elected by the AGM. The company's current board is made up of seven members, including two employee representative. Three of the company's directors are women. This including one female employee representative.

The regulations governing the work of the Nomination Committee state that emphasis shall be placed on ensuring that members of the board have the necessary competence to carry out an independent assessment of the matters presented to it by management and of the company's business activities. Emphasis shall also be placed on ensuring that there is a reasonable gender balance and that directors are independent with respect to the company. The Nomination Committee's recommendation shall meet the requirements relating to board composition stipulated by applicable legislation and the regulations of the Oslo Stock Exchange. Board members are elected for a term of two years.

The composition of the board meets the Code of Practice for Corporate Governance's stipulations with respect to independence, with one exception. Gustav Witzøe is both a senior executive and a member of the board of SalMar ASA. In the opinion of the board it is in the company's interests to avail itself of Gustav Witzøe's extensive experience and considerable expertise, both as a senior executive and as a director. Deviation from the code of practice on this point has therefore been deemed acceptable. In matters of material importance in which the Board Chair is, or has been, actively engaged, another director has been appointed to chair the board's deliberations.

9. THE BOARD OF DIRECTORS

The board has overall responsibility for the management of the Group and the supervision of its day-to-day management and business activities. The work of the board is governed by a set of regulations which describe the board's responsibilities, tasks and administrative procedures. Furthermore, the board determines the Group's overall objectives and strategy, including the overall composition of the Group's portfolio and the business strategies of the individual business unit. The board has also prepared an instruction for the executive management that clarifies its duties, lines of authority and responsibilities.

Strategy is normally discussed during the autumn, ahead of the Group's budget process. Within the area of strategy, the board shall play an active role in setting management's course, particularly with regard to organisational restructuring and/or operational changes.

The board shall approve the Group's plans and budgets, and may, if desired, draw up more detailed guidelines for its operations. The board shall, no later than December, approve the Group's budgets

for the coming year. Proposals relating to targets, strategies and budgets are drawn up and presented by management.

The board makes an annual assessment of its own work and competence. An evaluation of this kind was conducted in December 2010.

The board meets as often as necessary to perform its duties. In 2010 the board held 10 meetings. The attendance rate at board meetings was 96.67 per cent.

In line with the Norwegian Code of Practice for Corporate Governance an Audit Committee was set in 2010.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board ensures that the company's internal control systems are adequate in relation to the regulations governing the business. The company's systems and procedures for risk management and internal control are intended to ensure efficient operations, timely and correct financial reporting, as well as compliance with the legislation and regulations to which the company is subject.

The follow-up of internal controls relating to financial reporting is undertaken by means of management's day-to-day monitoring, the process owners' monitoring and the auditor's independent testing. Deviations and improvement opportunities are followed up and corrective measures implemented. Financial risk is managed by a central unit at head office, and, where appropriate, consideration is given to the use of financial hedging instruments. The auditor has confirmed that the company's internal controls relating to financial reporting are adequate. The identification and management of biological risk, fish health, HSE and general hygiene are central group management tasks. It is the CEO's responsibility to ensure that the company complies with all relevant legislation and guidelines governing the operation of its divisions. This includes the procurement, operation and maintenance of fish farming equipment, as well as management of the company's biomass. Follow-up and control of the extent to which the company's values, code of conduct and guidelines of social responsibility are complied with is carried out by the line organisation and is part of day-to-day operations. Material risks and any changes in them are discussed at fortnightly management meetings.

The Board will through the Audit Committee conduct an annual comprehensive review of the Group's financials- and risk management systems.

The most important risk factors for the company include financial risk associated with foreign exchange, credit and interest rates, and biological risk associated with the state of health at the company's hatchery and fish farming facilities as well as the risk of salmon escaping from the company's fish farms. These risk

factors are monitored and addressed by managers at all levels in the organisation. For further information on this matter, please see the annual report and Note 2 to the financial statements.

11. DIRECTORS' FEES

The Nomination Committee's proposal for the remuneration payable to the board of directors for 2010 will be presented to the company's Annual General Meeting. Directors' fees shall reflect the board's responsibilities, competence, time spent and the complexity of the business.

Directors' fees are not performance-related and contain no share option element. Additional information relating to directors' fees can be found in Note 21 to the financial statements.

12. REMUNERATION TO SENIOR EXECUTIVES

Pursuant to Section 6-16a of the Public Limited Companies Act, the board of directors has drawn up a declaration relating to the determination of salaries and other benefits payable to senior executives. This declaration will, in line with the said section, be laid before the company's AGM on 1 June 2011. The company shall offer competitive terms and conditions in order to attract and retain key personnel with the necessary competence.

The declaration refers to the fact that the board of directors shall determine the salary and other benefits payable to the CEO. The salary and benefits payable to other senior executives are determined by the CEO in accordance with the guidelines laid down in the declaration. Pursuant to the authorisation given to the board of directors, a share option scheme has been established for key personnel. Today's compensation scheme is divided into three and comprises a fixed salary, a performance-related bonus and a share option scheme in line with the board's authorisation. The Norwegian Code of Practice for Corporate Governance which was published 21 October 2010 suggests that there should be a cap on performance-related remuneration. Such a cap has not previously been a part of the statement to the General Assembly, but in light of the revised Code of Practice this will be considered in connection with the AGM 2011.

The board's declaration for 2010, as well as further details relating to the salary and benefits payable to the CEO and other senior executives can be found in Note 21 to the financial statements.

13. INFORMATION AND COMMUNICATION

Communication with shareholders, investors and analysts is a high priority for SalMar. The objective is to ensure that the financial markets and shareholders receive correct and timely information, thus providing the soundest possible foundation for a valuation of the company. All notices sent to the stock exchange are made available on both the company's website , the Oslo Stock Exchange's www.newsweb.no site and though news agencies (via Hugin). The company has adopted an "IR policy" which is available from its website.

The company holds open investor presentations in association with the publication of its year-end and interim results. These presentations provide an overview of the Group's operational and financial performance in the previous quarter, as well as an overview of the general market outlook and company's own future prospects. These presentations are also made available on the

company's website. The company shall publish its provisional year-end accounts by the end of February each year. Each year SalMar publishes a financial calendar indicating the dates of publication of the Group's interim reports, as well as the date of its AGM. The calendar is available from the Group's website: www. salmar.no. It is also distributed as a stock market notice and updated on the Oslo Stock Exchange's www. newsweb.no site. The calendar is published towards the end of each year.

The CEO and CFO are responsible for communications with shareholders in the period between AGMs.

14. ACQUISITION

The board of directors endorses the principle of non-discrimination of shareholders. The board undertakes to act in a professional manner and in accordance with applicable legislation and regulations. Accordingly, the board agrees to abide by the principles laid down in the Code of Practice for Corporate Governance relating to the board's responsibilities and duties in a takeover situation. Guidelines for the how the board should act in the event of a acquisition have been developed in accordance with the revised code of practice and will be adopted by the Board during the first quarter of 2011.

15. AUDITOR

The company's auditor is appointed by the Annual General Meeting and is independent of SalMar ASA. Each year the board of directors shall receive written confirmation from the auditor that the requirements with respect to independence and objectivity have been met. The auditor shall draw up the main lines of a plan to carry out the audit, and the plan shall be made known to the board of directors and the Audit Committee. Furthermore, the auditor shall hold at least one meeting each year without any representatives of the company's management being present.

The board shall inform the AGM of the remuneration payable to the auditor, broken down into an auditing and other services component. The AGM shall approve the auditor's fees.

The company has drawn up guidelines for any work other than auditing to be carried out by the auditor or persons associated with the auditor. The auditor participates in board meetings in connection with the treatment of the year-end accounts, and, at the same time as the board of directors, reviews the company's internal control systems. This includes the identification of weaknesses and proposals for improvement. The auditor will also attend the company's AGM.

OUR SLOGANS: WHAT WE DO TODAY WE DO BETTER THAN YESTERDAY The job we do today is vital to SalMar's success WE SHALL BE THE LOWEST-COST PRODUCER FROM ROE TO FINISHED PRODUCT The job is not done until the person you are doing it for is satisfied FOCUS ON THE SOLUTION - NOT THE PROBLEM WE CARE



LEIF INGE **NORDHAMMER** President and CFO

Mr. Nordhammer has been CEO of SalMar ASA since October 1996. He has extensive experience from leadership positions in a variety of companies, and has worked in the fish farming industry since 1985. Previous employers include Sparebanken 1 Midt-Norge and Frøya Holding AS/ Hydro Seafood AS. Mr Nordhammer holds a business degree from Trondheim Business College and the University of Trondheim.

Shareholdings:

Mr Nordhammer owns 100% of LIN AS, which in turn owns 2,43% of the shares in SalMar ASA.

Ontions:

None



ROAR HUSBY Chief Financial Officer

Mr Husby has previously held positions with Ernst & Young AS in Trondheim (2002 - 2007) and strategy consultancy Marakon Associates in London (1997 -2002). He graduated from London School of Economics and Political Science in 1997 with a BSc and an MSc in Management.

Shareholdings: Options as of 31.12.2010:



BJØRN LARSEN Manager Farming

Mr Larsen has been head of SalMar fish farming Central Norway since 1997. He has extensive experience from the salmon farming industry. Before joining SalMar ASA, Mr Larsen held various positions in companies within the aquaculture industry, including Frøya Lakseslakteri og Fiskeoppdrett AS, Timar AS and Frøya Holding AS.

Shareholdings: 30.000 Options as of 31.12.2010: 435.000



MANAGEMENT



ROGER SØRENSEN Manager processing

Mr. Sørensen has been the head processing activities in SalMar ASA since November 2009. He comes from the position of Chief Officer for the municipality of Frøya and has held central positions in the seafood industry since 1989. Previous employers include Hydro Seafood/Marine Harvest and Aker Seafoods. His educational background is within economics and business administration from Graduate School of business in Bodø/Oslo.

Shareholdings: None Options as of 31.12.2010:



DAG NIKOLAI RYSTEManager logistics,
sales and marketing

Mr. Ryste has held the position of head of Logistics, sales and marketing since December 2009. Prior to joining SalMar ASA Mr. Ryste held the position as CEO of Volstad Seafood AS, a position he held from 2003. Volstad Seafood AS was acquired by SalMar ASA in December 2009. Mr. Ryste has also held central positions within the Norwegian fishery and farming industry, including positions with Pan Fish Group (1996-2003) and Longvafisk AS (1992-1996). His educational background is Magister degree from Fiskeritekninsk Høyskole (1988 -92).

Shareholdings: None Options as of 31.12.2010: 110.000



GUSTAV WITZØEBusiness development

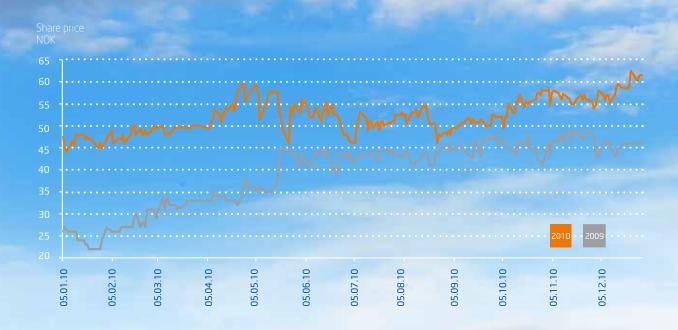
Mr Witzøe is the co-founder of SalMar ASA. After several years of working as an engineer he set up BEWI AS, a company producing Styrofoam boxes for the fish farming industry. He held the position as managing director of BEWI AS until 1990. Since Mr Witzøe founded SalMar ASA in 1991 he has gained extensive experience in fish farming and processing. Mr Witzøe holds a degree in engineering.

Shareholdings:

Mr Witzøe owns 91,8% of Kverva AS, which in turn owns 53,4% of the shares in SalMar ASA. Options:

None

SHAREHOLDER information



SHARE PRICE DEVELOPMENT

Share price per 01.01.2010 was NOK 46.00 thus valuing SalMar at NOK 4738 million. At year end the share price was 61.50 valuing SalMar at NOK 6335 million.

TECHNICAL INFORMATION

SalMar ASA had per 31.12.2010 a total of 103 million shares outstanding. Each share with a face value of NOK 0.25.

SalMar had per 31.12.2010 1 680 shareholders

SalMars VPS number is ISIN NO 0010310956

The company's share registrar is Nordea Bank

SalMar's ticker on the Oslo Stock Exchange is SALM



KVERVA AS 55 000 000 53,4 % FOLKETRYGDFONDET 8 287 826 8,0 % 6,5 % IPMORGAN CHASE BANK 6 740 800 PARETO AKSIE NORGE 5 012 044 4.9 % ODIN NORGE 4,2 % 4 297 042 2,4 % LIN AS 2 500 000 PARETO AKTIV 2.2 % 2 296 937 2,2 % ODIN NORDEN 2 288 178 1 400 000 1,4 % SALMAR ASA PARETO VERDI VPF 1 035 509 1,0 % 0,8 % Vital Forsikring ASA 812919 HOLBERG NORGE 0,6 % 633 300 0,5 % DNB NOR NORGE (IV) VPF 523 522 CENTRA KLAVENESS INV 500 885 0.5 % FORSVARETS PERSONELL 433 400 0,4 % HOLBERG NORDEN 406 228 0.4 % STOREBRAND VERDI 274 353 0.3 % KLP AKSIE NORGE INDE 270 735 0,3 % 0,3 % ODIN NORGE II 263 320 AVANSE NORGE (II) 252 549 0.2 % **Total 20 largest shareholders** 93 229 547 90,5 % Total other shareholders 9 770 453 9,5 % Total no. of shares 103 000 000 00,0 %

SHAREHOLDING 31.12.10

NAME

FINANCIAL CALENDAR

SHAREHOLDING (%)

24th of February 2011:
4th Quarter 2010 results
25th of May 2011:
1st Quarter 2011 results
1st of June 2011:
Annual General Meeting
19th of August 2011:
2nd Quarter 2011 results
9th of November 2011:
3rd Quarter 2011 results

SalMar holds quarterly presentations open to the public. The presentations will take place at 08.00 CET at Hotel Continental in Stortingsgaten 24/26 in Oslo, Norway.

The Board has proposed a dividend of NOK 4.00 per share, a total of NOK 412 million. If the dividend is approved, the shares will trade ex. dividend starting from June 2, 2011

Please note that the financial calendar is subject to change. The Group's website will be updated for any changes as soon as they become known. www.salmar.no







Biological control is a keyword for SalMar, and something which has constantly underpinned the Group's strong performance over time. Throughout 2010 the Group worked to pave the way for continued volume growth along the entire value chain. Focus has been given to the construction of the new InnovaMar processing plant, the acquisition of licences, the exploitation of synergies and further development of the organisation. Based on the foundation that has now been laid and the decisions that have been taken, the board expects SalMar to achieve significant growth and increased efficiency in the years ahead.

Gross revenues rose by around 44 per cent, from NOK 2,377 million in 2009 to NOK 3,429 million in 2010. Operating profit before fair value adjustment of the biomass increased by 66 per cent, from NOK 585 million in 2009 to NOK 973 million in 2010. For the financial year 2010, the board is proposing payment of a NOK 4.00 per share dividend, or a total payout of NOK 412 million.

THE BUSINESS

SalMar is one of the world's largest and most efficient producers of Atlantic salmon. The Group has operating licences for marinephase fish farms and hatcheries in central Norway and Troms County. At the end of 2010 SalMar had 66 licences for production of farmed Atlantic salmon in Norway: 53 in central Norway (Møre & Romsdal, South and North Trøndelag) and 13 in northern Norway (Troms). SalMar also owns 23.3 per cent of the shares in the listed Faeroe Islands fish farming company P/f Bakkafrost, as well as 50 per cent of the shares in Norskott Havbruk AS, which in turn owns Scottish Sea Farms Ltd, the second largest salmon producer in the UK. At the end of the year the Group had operations in 18 local authority areas in Norway and employed some 590 people in total.

Strategic focus areas

SalMar has a number of long-term, strategic focus areas which provide a platform for the Group's further development.

These include:

- SalMar will increase its output volume through improved utilisation of existing licences and acquisition of other fish farming companies.
- SalMar will process more of the salmon it produces. Increased processing results in greater efficiency and higher quality, is of benefit to the environment from a transport point of view, and contributes to the maintenance and development of the local community. The InnovaMar facility, which will be completed in the first quarter 2011, represents the cornerstone of this effort.
- SalMar will further develop its capacity and competence with respect to sales and distribution.
- SalMar will be self-sufficient in high-quality smolt.
- SalMar will constantly develop the Group's cultural and operating model (the SalMar Standards) in all areas of its operations. All group facilities shall be operated in accordance with the same principles and goals, based on the same values.
- SalMar's operating model and culture will contribute to the sustainable development of the fish farming industry, environment-friendly food production and stimulate the development of the local communities in which the Group operates.

MARKETS

A total of approx. 944,000 tonnes of Atlantic salmon was harvested in Norway in 2010. This represents an increase of 10 per cent compared with 2009. Despite the economic downturn in many countries throughout the world, demand for and consumption of Atlantic salmon rose in most of the important markets. Overall volume in the EU grew by 4 per cent, in China/Hong Kong by 29 per cent, Russia by 33 per cent, France by 3 per cent, Poland by 8 per cent, while volume in the USA grew by 35 per cent – due to reduced volumes from Chile.

In each individual quarter of 2010 the price of Atlantic salmon was higher than in the corresponding quarter in 2009. On average, the price of salmon in 2010 was some NOK 7 per kg higher than in 2009. The price difference was particularly strong in the fourth quarter, when the figure for 2010 was approx. NOK 11 higher than in the fourth quarter 2009.

At the close of the year the volume of the biomass at Norwegian fish farms was around 1 per cent higher than at the same point in 2009. Biomass in the UK was at the same level as the year before, while Chile's overall biomass was up by approx. 20 per cent. Chile's fish farming industry has been facing major biological challenges, but is now in a position to start increasing production volumes. Chile's exports of Atlantic salmon fell by 46 per cent, from 239,000 tonnes in 2009 to 130,000 tonnes in 2010. As previously mentioned, Norway increased its harvested volume by around 10 per cent in 2010. However, due to developments in Chile, the global supply of Atlantic salmon fell by approx. 2 per cent. This decrease in supply combined with continued strong demand contributed to the high price level in 2010.

Output from Chile is expected to rise by between 30 and 70 per cent in 2011, with estimates varying according to the growth scenario used. Estimates for the volume harvested in Chile in 2011 varies from 150,000 to around 200,000 tonnes. Norway will also be able to increase its output in 2011. As a result

"SalMar is one of the world's leading producers of Atlantic salmon and is integrated from roe and smolt to value added products and sales."

supply will be larger in 2011 than in 2010. Harvested volume in Norway is expected to rise by 4-6 per cent in 2011, while the global rise is estimated at 6-10 per cent. The continued strong demand and the picture reflected in reported contract prices and prices on Fishpool for 2011, indicate that salmon prices in 2011 will remain extremely high.

However, uncertainty continues to attach to developments in demand in certain markets due to the global macroeconomic situation. The strength of the NOK against the EUR/USD will also affect demand and the price achieved by Norwegian fish farmers. Any weakening of our trading partners' currencies against the NOK, makes it more challenging to sustain the salmon price measured in NOK, since in reality such a weakening represents a price rise for our customers.

ABOUT 2010

Continued increase in the value of fish farming companies on the Oslo Stock Exchange. Following extremely strong price developments in 2009, both the Oslo Stock Exchange's main index and the value of the largest fish farming companies continued to rise through 2010. The main index rose by 18.4 per cent, while the five largest fish farming companies increased their market capitalisation by 62.5 per cent. SalMar's market capitalisation rose by 33.7 per cent in 2010, following a sharp rise (79 per cent) in 2009. At the end of the year SalMar had a market value of NOK 6.3 billion.

The sharp rise in value can be ascribed primarily to two factors. 1) Record high salmon prices, resulting from reduced output of Atlantic salmon in Chile combined with continued strong demand. 2) A generally good year for listed securities, due to increased liquidity in the financial markets and reduced fear of a long-term financial and economic crisis.

SalMar's largest shareholder is Kverva AS, with a shareholding of 53.4 per cent. Kverva AS is controlled by SalMar's founder Gustav Witzøe. At the end of the year SalMar had 1,650 shareholders.

An excellent year for the SalMar Group

2010 was a very successful and exciting year for the Group. Highlights include:

- The highest ever consolidated operating profit a total of NOK 972.8 million (before fair value adjustment of the biomass)
- The market's best margins in central Norway, stable and extremely good results in northern Norway and Scotland as well
- Start-up of the harvesting plant at the InnovaMar facility in the fourth quarter
- The Group's sales and distribution resources concentrated in the newly established company SalMar Sales AS
- Acquisition of 75.5 per cent of Rauma Gruppen in July (8 licences)
- Acquisition of 23.3 per cent of Bakkafrost in October

• Acquisition of Stettefisk AS in November (2 licences)

For the 2010 financial year SalMar generated gross operating revenues of NOK 3,429.4 million, compared with NOK 2,377.3 million in 2009. Operating profit before fair value adjustment of the biomass totalled NOK 972.8 million (2009: NOK 584.8 million). Profit after tax and fair value adjustment of the biomass totalled NOK 958.1 million (2009: NOK 470.9 million). This corresponds to NOK 9.19 per share (2009: NOK 4.58).

SalMar Central Norway still in front

As in the previous years SalMar Central Norway achieved the market's best margins in 2010. A total of 47,200 tonnes gutted weight was harvested in 2010, compared with 50,300 tonnes in 2009. The reduction in harvested volume can largely be attributed to lower than normal weight gain during the year due to historically low sea temperatures, combined with a decrease in harvesting capacity in the fourth quarter due to a fire at the InnovaMar facility. The fire also resulted in some of the volume which had been planned for harvesting in 2010 being transferred to 2011. SalMar Central Norway expects to harvest 65,000 tonnes gutted weight in 2011, a rise of 38 per cent on 2010. The fish farming activities of the Central Norway segment are operated by SalMar Farming AS.

SalMar Central Norway made an operating profit before fair value adjustment of the biomass of NOK 733.6 million. This corresponds to NOK 15.55 per kg gutted weight, up from NOK 10.08 in 2009. The price of salmon (NOS price) in 2010 was on average NOK 6.8 higher than in 2009. This contributed significantly to the higher margins. Sea temperatures in central Norway were lower than normal, particularly in the first half. This contributed to somewhat lower than expected weight gains, which in turn affected both production costs and overall output for the year. Slightly higher costs for the treatment of salmon lice and fixed-price contracts in a rising market also had a negative impact on margins. SalMar has drawn up its own strategy for dealing with salmon lice, and now has the salmon lice situation well in hand at all its facilities. The biological starting point for 2011 is therefore very

75.54 % of Rauma Gruppen AS acquired in July

In 2010 SalMar acquired 75.54 % of Rauma Gruppen AS. Rauma Gruppen is a completely integrated producer of Atlantic salmon, from roe to

oven-ready products. The company's operations are located in the Romsdal region. It has 8 production licences (2 of which are broodstock licences). The headquarter is located in Sjøholt, Ørskog. The company was acquired with effect from 8 July and is therefore consolidated in SalMar's group accounts with effect from the third quarter.

As part of the SalMar Group, Rauma Gruppen delivered a strong second half, with operating revenues of NOK 257.2 million and an operating profit before fair value adjustment of the biomass of NOK 66.8 million. Operating profit per kg gutted weight came to NOK 15.92.

Rauma Gruppen's operations in the Romsdal region represent a new and exciting cluster for SalMar, in addition to SalMar Farming AS's operations in Nord-Møre. In November 2010 SalMar Farming acquired Stettefisk AS, which has two licences and operations in Storfjorden. Operationally these two licences are included in Rauma Gruppen and are presented in the interim reports as part of the Rauma segment.

Rauma Gruppen expects to harvest 9,000 tonnes gutted weight in 2011. Stettefisk AS is included in this estimate.

Extremely good progress for SalMar Northern Norway

SalMar Northern Norway is based on the company Senja Sjøfarm AS which became a wholly owned subsidiary of SalMar towards the end of 2006. Senja Sjøfarm has subsequently changed its name to SalMar Nord AS. Since 2006 SalMar has been working systematically to implement the "SalMar Standards" throughout the business. SalMar Northern Norway owns 13 licences and harvested around 13,600 tonnes gutted weight in 2010, compared with 14,000 tonnes in 2009.

SalMar Northern Norway made an operating profit before fair value adjustment of the biomass of NOK 211.2 million. This corresponds to NOK 15.55 per kg gutted weight, compared with NOK 6.16 in 2009. The improved margin can be attributed partly to increased salmon prices during the period, but also to a significant improvement in the development of the biomass.

SalMar Northern Norway posted stable and good results throughout 2010, and its biological starting point bodes well for 2011. SalMar Northern Norway expects to harvest 18,000 tonnes gutted weight in 2011, up 32 per cent on 2010.

InnovaMar - a new processing plant in Frøya

For several years SalMar has been planning the construction of a facility whose aim is to be the world's most innovative and cost-effective salmon harvesting and processing plant. Through increased use of automation and new combinations of technical solutions InnovaMar, as the plant is known, will strengthen SalMar's competitiveness, increase its capacity and flexibility, and improve the quality of the output. InnovaMar is also a stepping stone on the path to enhancing the Group's overall competence. The facility will result in a larger proportion of the salmon being processed locally, which will have a positive impact on the environment due to a reduction in the transport of whole fish, including the head, bones and other parts that are generally discarded by the consum-

er. InnovaMar's relatively high level of automation will also make it easier for SalMar to ensure a sufficiently large, competent and long-term workforce.

InnovaMar comprises three departments (harvesting, secondary processing and warehouse & logistics) which each in their own way are a considerable advance in comparison with the current facilities. Together with equipment suppliers SalMar has devoted considerable resources to challenging traditional solutions, and has looked to the manufacturing industry to find solutions and technologies that can be utilised at InnovaMar. Key concepts like fish welfare, safe food, internal logistics and efficiency has been at the heart of this development

HARVESTING - Gentle handling of the salmon has been a key feature in the design of the harvesting plant. Fish welfare is extremely important, both out of concern for the fish and for the quality of the finished product, which can be negatively affected by a high stress level at harvesting. The distribution system for whole fish is also a key part of the harvesting plant, since the system ensures good control and utilisation of the raw material. The labelling of each individual fish entering the plant facilitates complete traceability throughout. Together with the traceability SalMar has in the rest of the value chain, this means the product can be tracked from roe to the supermarket shelf. Increased automation increases capacity and results in relatively large savings on salaries per kg output, while the gentle handling of the salmon provides quality benefits. InnovaMar will have an annual harvesting capacity of 70,000 tonnes gutted weight per shift, which is more than twice the capacity of SalMar's existing facility.

PROCESSING – As in the harvesting plant, the distribution system is a key part of the process. The distribution system provides an extremely high level of control, both with respect to traceability and yield. Quality is ensured through gentle transfers between work stations and specialised production lines. Efficiency is enhanced through increased automation, such as in connection with portion packaging and palleting. Furthermore SalMar has worked closely with equipment suppliers to improve the machines' hygienic design. This enables optimal cleaning and washing procedures, and ensures food safety.

WAREHOUSING & LOGISTICS – The expansion of capacity for all types of storage, improved internal logistics and automated refilling of packaging are elements which will contribute to the safe and efficient handling of the products. Increased capacity also provides flexibility with respect to managing production and sales.

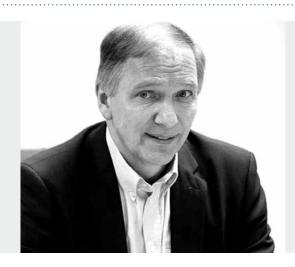
Besides fish welfare, the working environment, efficiency and food safety, other important features have been designed into the InnovaMar facility. These

BJØRN FLATGÅRD Chairman of the Board Mr Flatgård is currently working as a professional director of several leading Norwegian companies and as an investor. From 1996 to 2007 he was Presi-

Norwegian companies and as an investor. From 1996 to 2007 he was President & CEO of Elopak ASA. Prior to that he was CEO of Nycomed Pharma and a member of the executive management of Hafslund Nycomed. Mr Flatgård gained an MSc in Chemical Engineering from the Norwegian University of Science and Technology in 1973 and a degree in economics and business administration from the Norwegian School of Management Bl in 1981.

Mr. Flatgård has board positions several Norwegian companies. Amongst others he is a board member of Aker ASA and Aker Biomarine ASA as well as Chairman of Handelsbanken Norway. Mr Flatgård joined SalMar's board of directors in August 2002, becoming chairman in 2006. Through his family company GloMar AS, Mr Flatgård owns 3,56% of the shares in Kverva AS, which in turn owns 53,4% of the shares in SalMar ASA. Mr Flatgård is also chairman of Kverva AS.

Mr. Flatgård is not judged to be an independent director.



include energy consumption, the handling and use of offcuts and a reduction in the transport requirement through increased sales of fillets rather than whole fish. SalMar is extremely pleased that these and other aspects of the InnovaMar facility have been resolved in ways that are far in advance of solutions currently standard in the industry. The flexibility inherent in the plant makes it well suited to cope with any changes in production that may be implemented in response to the desires and demands of customers and regulatory authorities alike.

Construction of the plant started in February 2009. The harvesting plant went into operation in September 2010, but a fire in a storeroom in mid-October put the plant out of commission until 6 December. The harvesting plant was fully operational again towards the end of the year and the filleting department will start up in the first quarter 2011. The InnovaMar facility covers some 17,500 m2. A total of NOK 550 million has been invested in its building and outfitting.

Another good year for Norskott Havbruk AS

The associated company Norskott Havbruk AS, which owns 100 per cent of Scottish Sea Farms Ltd, posted good results in a strong salmon market in 2010. SalMar owns 50 per cent of Norskott Havbruk, while the remaining shares are owned by Lerøy Seafood Group.

Scottish Sea Farms harvested 27,100 tonnes gutted weight in 2010, compared with 26 500 tonnes in 2009. Norskott made an operating profit before fair value adjustment of the biomass of NOK 10.30 per kg gutted weight, compared with NOK 6.24 in 2009. The company's biological situation was good, while the prices it achieved on its products in the UK rose through the year.

Over the past three years Scottish Sea Farms, in conjunction with the authorities and other industry players, has worked unceasingly to improve the biological situation in Shetland. Among the measures implemented have been generational segregation and zoning. During the same period Scottish Sea Farms has refrained from releasing new smolt into the problem areas. This had a successful outcome in 2009 and 2010. As a result of these adjust-

ments in the smolt release, the harvested volume for 2011 will be lower than in 2010, though it will rise again in 2012.

Scottish Sea Farms expects to harvest 23,000 tonnes gutted weight in 2011, 15 per cent less than in 2010.

Investments

Through the year SalMar has invested heavily in growth (both organic and through the acquisition of licences), as well as in its other strategic focus areas.

In October 2010 SalMar acquired 23.29 per cent of the shares in the listed fish farming company P/f Bakkafrost.

SalMar considers Bakkafrost to be a very well-run company with a strong and positive culture. SalMar decided to invest in Bakkafrost because it believes the Faeroes offer good conditions for the farming of Atlantic salmon, because it sees opportunities for partnership between SalMar and Bakkafrost and because it feels the company has the potential for further development.

Bakkafrost is the largest salmon farmer in the Faeroes. In 2010 it harvested some 21,600 tonnes gutted weight. In 2011 Bakkafrost expects to harvest 33,000 tonnes gutted weight, an increase of 53 per cent. The company owns 44 per cent of all the salmon farming licences in the Faeroes, and is a completely integrated operation from smolt to processing and sales. The company employs 514 people and is headquartered in Glyvrar. Bakkafrost generated gross revenues of approx. NOK 870 million in 2010 and made an operating profit before fair value adjustment of the biomass of NOK 334 million.

Over the past two years SalMar has secured access to increased production capacity in central Norway through the award of three licences for organic salmon

(2009), partnership and joint-operating agreements associated with six licences (2009) and the acquisition of Rauma Gruppen and Stettefisk AS (2010). In the first quarter 2011 SalMar has acquired a further two licences in Møre & Romsdal (Bringsvor Laks AS) and one licence in North Trøndelag (Krifo Havbruk AS).

To optimally exploit both existing and new licences substantial investments have been made in increasing the smolt production capacity, in seagoing equipment such as net pens, boats and feeding pontoons, as well as the construction of new and larger premises. The investment programme associated with the hatchery division will be continued in 2011 to secure access to high-quality smolt commensurate with the Group's growth strategy.

For SalMar it is important that its fish farming facilities have a uniform, high standard and are at the forefront in meeting requirements and deadlines for the introduction of certification standards for its marine-phase facilities. These investments, combined with good operating routines, will help to prevent technical failures at SalMar's facilities and the escape of fish. Despite good operating routines, in the first quarter 2011 the Group experienced a serious incident involving the escape of fish, see the section "Operational risk and risk management" for further details of the incident.

As previously mentioned, InnovaMar is a unique project, with a total investment in buildings and machinery of around NOK 550 million. The plant will be fully operational by the end of the first quarter 2011, and is intended to be the world's most innovative and cost-effective facility for the landing, harvesting and processing of farmed salmon. The plant will enable SalMar to ensure that a significantly larger proportion of its overall output is utilised effectively and exported as fillets rather than whole gutted fish.

It is the opinion of the board of directors that throughout last year SalMar strengthened its foundation for continued growth with respect to the goals and strategies applicable to the Group.

SalMar's CEO, Leif Inge Nordhammer, announces decision to step down

During the year 2010 SalMar ASA's board of directors has with regret received the notification that CEO Leif Inge Nordhammer intends to resign his position. Mr Nordhammer has led the company for 15 years - a period of rapid growth and strong biological,

operational and financial results. Mr Nordhammer will continue to serve as CEO until his successor is in place.

The Board of directors published the following statement on 7 October: "Under Leif Inge Nordhammer's leadership SalMar has grown from a regional fish farming enterprise to a leading international aquaculture group. An uncompromising focus on the health and welfare of the company's fish stocks has been a cornerstone of this growth. Leif Inge has been at the forefront in ensuring that all SalMar's employees live up to the company's standards in this area every day. This commitment has produced solid results, both strategically and operationally. However, while deeply regretting Leif Inge's decision to step down, we fully understand his desire to focus on other priorities after 15 years as the company's chief executive."

SalMar's board of directors has started the search for a new CEO, and Mr Nordhammer will continue in his position until his successor is ready to take over. The board of directors and Mr Nordhammer have also agreed that following his replacement he will be able to assist the company on selected, pre-defined projects.

FINANCIAL PERFORMANCE IN 2010 Income statement

The SalMar Group generated gross operating revenues of NOK 3,429.4 million in 2010, compared with NOK 2,377.3 million in 2009, an increase of approx. 44 per cent. The business in Norway harvested 64,900 tonnes gutted weight (2009: 64,300 tonnes). Including SalMar's 50 per cent share of the volume from Scottish Sea Farms, the Group harvested 78,500 tonnes gutted weight in 2010 (2009: 77,600 tonnes). The Group made an operating profit before fair value adjustment of the biomass of NOK 972.8 million (2009: NOK 584.8 million). Operating profit before fair value adjustment of the biomass totalled NOK 15.0 per kg (2009: NOK 9.1). Net profit for 2010 totalled NOK 958.1 million (2009: NOK 470.9 million). Earnings per share came to NOK 9.19 (2009: NOK 4.58).

GUSTAV WITSØE

Mr Witzøe is the co-founder of SalMar ASA. He holds a degree in engineering. After several years as an engineer co-founded BEWI AS, a company producing styrofoam boxes for the fish farming industry. Mr Witzøe held the position as managing director of BEWI AS until 1990. Since Mr Witzøe founded SalMar ASA in 1991 he has gained extensive experience in fish farming and processing. In addition to being a director of SalMar ASA, Mr Witzøe is chairman of Egersund Fisk AS and is a director of Norskott Havbruk AS and Scottish Sea Farms Ltd. Mr Witzøe owns 91.8% of Kverva AS, which in turn owns 53.4% of the shares in SalMar ASA. Mr Witzøe is also a director of Kverva AS.

Witzøe is not judged to be an independent director.



KJELL A. STOREIDE

Mr Storeide is a graduate of the Norwegian School of Economics and Business Administration (NHH) in Bergen. From 1990 to 2004 he was the CEO and co-owner of Stokke Gruppen AS. Mr Storeide is a board member of several industrial companies in Norway. Mr Storeide joined SalMar's board of directors in February 2008.

Mr. Storeide is judged to be an independent director.



SalMar Central Norway's gross revenues rose to NOK 3,137.2 million in 2010 (2009: NOK 2,337.6 million), while operating profit before fair value adjustment of the biomass totalled NOK 733.6 million (2009: NOK 507.1 million). This corresponds to an operating profit before fair value adjustment of the biomass of NOK 15.55 per kg gutted weight (2009: NOK 10.08). SalMar Central Norway harvested some 47,200 tonnes gutted weight in 2010 (2009: 50,300 tonnes). The decrease in harvested volume can be attributed to the gradual start-up of the harvesting plant in the third quarter, followed by the fire at the InnovaMar facility in the fourth quarter. InnovaMar's harvesting plant has been back in operation since 6 December, while the secondary processing plant will be gradually phased in from mid-March 2011. The harvested volume in 2010 was also affected by low sea temperatures which resulted in a slightly lower than expected weight gain on fish in the sea.

SalMar Northern Norway generated gross revenues of NOK 506.0 million in 2010 (2009: NOK 401.7 million). Operating profit before fair value adjustment of the biomass totalled NOK 211.2 million (2009: NOK 86.3 million). This corresponds to an operating profit before fair value adjustment of the biomass of NOK 15.55 per kg gutted weight (2009: NOK 6.16). SalMar Northern Norway posted stable and good results throughout 2010, and currently has a biological starting point that bodes well for 2011. A total of 13,600 tonnes gutted weight was harvested by SalMar Northern Norway in 2010, compared with 14,000 tonnes in 2009.

Rauma Gruppen AS was acquired on 8 July 2010. The figures in this section therefore reflect those figures which are relevant for SalMar's financial statements. Rauma Gruppen generated gross revenues of NOK 257.2 million in 2010. Operating profit before fair value adjustment of the biomass totalled NOK 66.8 million. This corresponds to an operating profit before fair value adjustment of the biomass of NOK 15.92 per kg gutted weight. Rauma Gruppen has posted extremely satisfactory results since it joined the SalMar Group. Rauma Gruppen harvested 4,200 tonnes gutted weight in 2010.

SalMar's key figure for profit performance under IFRS is EBIT (operating profit) before fair value adjustment of the biomass. Adjustment of the fair value of the biomass results from the requirement

to value biological assets (the biomass) at fair value instead of cost price. Changes in price and the composition of the biomass during a period can therefore have a major impact on this value. SalMar reports EBIT before fair value adjustment of the biomass in order to show the underlying performance of its operations during the period.

The associated company Norskott Havbruk AS (Scottish Sea Farms) made an operating profit before fair value adjustment of the biomass of NOK 279.4 million (2009: NOK 165.5 million). Since Norskott Havbruk is defined as an associated company, SalMar recognises 50 per cent of the company's profit after tax as financial income. The company's contribution in 2010 totalled NOK 117.7 million (2009: NOK 56.9 million). The increase can be ascribed to a combination of improvements in the biological situation, a slightly higher volume and a substantial rise in salmon prices. Through Scottish Sea Farms, Norskott Havbruk harvested some 27,100 tonnes in 2009, (2009: 26,500 tonnes).

Other financial items totalled NOK -40.4 million in 2010, compared with NOK -2.8 million in 2009. Net interest expenses for the year came to approx. NOK 44 million. Value changes in foreign currency items was NOK 0.8 million

SalMar's board of directors is extremely pleased with the Group's performance, and is of the opinion that through 2010 SalMar strengthened both its financial standing and its relative competitiveness.

Balance sheet

The Group's immaterial assets increased from NOK 1,141.4 million to NOK 1,713.5 million through 2010. The vast majority of this change can be attributed to the value of licences acquired during the year. The book value of the Group's biological assets (fish in the sea) rose from NOK1,011.5 million at the start of the year to NOK 1,580.9 million at its close. The increase

has contributed to a rise in the book value of the Group's current assets from NOK 1,588.5 million to NOK 2,362.9 million during the period.

The Group's equity rose from NOK 1,699.8 million at the start of the year to NOK 2,469.4 million at its close. The increase in equity can be attributed to the profit for the period adjusted for payment of NOK 223.5 million in dividends in June and the honouring of option agreements. See the consolidated financial statements for a detailed presentation of movements in equity during the year.

The Group's long-term debt and other liabilities rose from NOK 1,318.4 million at the start of the year to NOK 2,658.1 million at its close. Almost all of the growth in long-term debt can be attributed to the acquisition of Rauma Gruppen and Stettefisk AS, as well as the acquisition of 23.39 per cent of Bakkafrost. The Group's short term liabilities rose from NOK 532.1 million to NOK 705.4 million.

At the close of the year the Group had total capital of NOK 5,832.9 million, compared with NOK 3,550.3 million the year before. The equity ratio stood at 42.4 per cent as at 31 December 2010, compared with 47.9 per cent at the same point in 2009. Net interest-bearing debt rose from NOK 783.8 million to NOK 1,813.5 million during the year, an increase of approx. NOK 1,030 million.

A healthy financial standing is considered to be a crucial element in the Group's strategy for further growth and profitability. The board will continue to place considerable emphasis on this matter.

Cash flow

Gross cash flow from operating activities totalled NOK 508,8 million in 2010. Cash flow from investing activities totalled NOK -1,212.9 million and is largely associated with investments in noncurrent assets, acquisitions and the InnovaMar project. Cash flow from financing activities totalled NOK 662.4 million. Net cash flow in the period came to NOK - 41,7 million.

Holdings of cash and cash equivalents totalled NOK 107.1 million at the close of the year, compared with NOK 148.4 million at its start. In conjunction with established credit facilities with the Group's banks, the Group's liquidity and financial standing are deemed to be good. The board considers the conditions for financing further growth to be good.

OPERATIONAL RISK AND RISK MANAGEMENT

Risk will normally be attached to the Group's business operations. The largest risk facing SalMar relates to the development of its fish stocks, both at its hatcheries and marine-phase fish farms. Even though SalMar draws up and establishes effective routines for its own operations, the business is such that it will always be important to know what competitors and neighbouring facilities are doing.

The aquaculture industry faces challenges with respect to the spread of salmon lice and an increase in the numbers of resistant lice, ie lice which have a reduced sensitivity to the preparations and medications that have been effective in treating salmon lice over the past decade. This is particularly true of North Trøndelag. SalMar plays an active role in the effort to combat salmon lice, and works effectively with the authorities, other fish farmers and scientific expertise to reduce biological risk. SalMar has developed its own strategy for dealing with salmon lice, which has been in operation since mid-2009. In addition to its own strategy plan the Group complies with all the counting and treatment strategies implemented by different authorities. At the time of writing SalMar has the level of lice infestation at all its sites well in hand. At the time of writing no site has lice numbers in excess of the authorities' threshold for the initiation of remedial measures. SalMar is convinced that salmon lice can be controlled and kept at acceptable levels through a combination of different forms of treatment and medication, as well as the established collaboration between fish farmers. An important contribution to this will be increased use of wrasse, which live alongside the salmon in the net pens and feed on the lice. SalMar has started farming wrasse, and the company expects its first in-house produced wrasse to be released into the net pens in the second half of 2011 or the first half of 2012.

In general SalMar's uncompromising focus on biological quality and control means that it chooses solutions

SYNNØVE G. ERVIK

Ms Ervik is the CEO of Erviks Laks og Ørret AS, which is co-owned by her family through KSE Ervik AS. She took over as CEO in 2000 after having worked for the company for more than 20 years. Ms Ervik chairs the board of KSE Ervik AS. She joined SalMar's board of directors in April 2006. Ms Ervik has 5,000 shares in SalMar ASA.

Mrs. Ervik is judged to be an independent director.



and implements measures which safeguard long-term biological excellence over short-term financial gain.

The management of risk is a key part of management's responsibilities. The Group has systems and routines in place to monitor key risk factors in all business areas, and places great emphasis on carrying out site audits in accordance with its quality manual and defined operating standards.

It is also important for production to take place at sites which have the capacity to sustain the volumes being produced. To ensure the quality of the fish farms, analyses and environmental audits are routinely performed at the Group's production sites.

On 14 February 2011 a tear was discovered in a net at one of SalMar's sites in central Norway. The incident was immediately reported to the Directory of Fisheries in accordance with applicable procedures. Assisted by other local fish farmers and fishermen, a recapture effort was implemented in which a total of 500 fishing nets were deployed. A count of the fish remaining in the damaged net revealed that a total of 175,000 salmon had escaped. The salmon had an average weight of 1.94 kg, were free of lice and had not been medicated. The escape occurred after the net became torn during net handling operations. SalMar has specific routines covering the monitoring of nets after this kind of operation, and it is regrettable to note that internal routines do not seem to have been followed in this case. SalMar deeply regrets what has happened and the consequences it has had for the reputation of the entire industry. SalMar will, of course, carry out a thorough investigation of the incident and assess the need for further measures to ensure compliance with our internal escape-prevention routines. SalMar has devoted considerable resources to recapturing the escaped salmon, and will continue to contribute resources on an ongoing basis to reduce the impact of the escape. SalMar will also draw on the expertise of the scientific and research communities that can provide advice and guidance in this matter.

The biological challenges facing Chile have led to a favourable market balance in the past couple of years, and the price outlook for Atlantic salmon in 2011 appears to be extremely strong. Nevertheless, it is vital that systematic efforts are made in all the markets that are important for the Group's products in order to limit the risk associated with the rebuilding of production capacity in Chile, economic developments in major individual markets, and fluctuations on foreign exchange markets which could affect the products' competitiveness. Specific examples of this are the systematic efforts SalMar is engaged in in Russia and markets in Asia and the Far East. This includes the establishment of SalMar Sales AS, which represents a consolidation and strengthening of the Group's sales and distribution resources.

It is the responsibility of the CEO to ensure that the Group operates in line with all relevant legislation and guidelines governing the operations of the Group's various entities. The follow-up and control of risk factors, as well as compliance with the Group's values and code of conduct is carried out through the organisation as part of day-to-day operations.

FINANCIAL RISK AND RISK MANAGEMENT

The follow up of internal controls associated with financial

reporting is carried out through management's dayto-day supervision, the process owners' follow up and the auditor's independent testing. Non-compliances and improvement areas are followed up and remedial measures implemented. Financial risk is managed by a central unit at the head office, and financial hedging instruments are employed where they are considered appropriate.

Foreign exchange risk

Changes in exchange rates represent both a direct and indirect financial risk for the Group. Foreign currency revenues and assets denominated in foreign currencies are partly hedged by means of forwards contracts. Foreign exchange exposure linked to operations is, however, limited, since the purchase of input factors and the sale of products take place largely in NOK (Norwegian kroner). The Group's currency exposure relating to operations has nevertheless risen in the past year through the acquisition of Volstad Seafood AS (now SalMar Sales AS), which has led to a growing percentage of sales being made in foreign currencies. Use of forward currency contracts is described in Note 9 to the financial statements.

Interest rate risk

The debt portfolio is currently at floating interest rates, which means that the Group is affected by changes in the level of interest rates.

Credit risk

The risk of a counterparty not having the financial resources to meet his obligations has, historically, been considered low, and SalMar's losses resulting from bad debts have been very small. The economic downturn experienced in large parts of the world in recent years has led SalMar to tighten its commercial conditions and focus more strongly on the follow up of trade receivables. As mentioned above credit risk is currently not a problem for SalMar, but we feel it is appropriate to keep this issue in sharp focus during 2011.

The Group does not have any significant credit risk associated with any individual counterparty or counterparties which may be considered a group due to similarities in the credit risk they represent. The Group has guidelines to ensure that sales are made only to customers which have not previously had material payment problems, and that outstanding sums do not exceed defined credit limits. A proportion of the Group's trade receivables are insured against bad debts.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining a flexible financing structure, which is secured by means of established credit facilities. The Group's objective is to have sufficient cash, cash equivalents or medium-term credit facilities to meet its borrowing requirement in the

ALF JOSTEIN SKJÆRVIK Employee representative Mr. Skjærvik has worked in the fish farming industry since 1986 and has been in SalMar since 1995. Since 1995 he has worked his way from fish farmer to operational manager farming to operations coordinator farming. Mr. Skjærviks current role is Quality Manager biological production. Mr. Skjærvik has been the leader for Trøndelag Fiskeoppdretterlag AL and currently serves on the board in the Mid-Norwegian seafood federation, FHL's Industry Group for Aquaculture and the FHL prevent escape committee.

Elected February 2011.



short term. Unused credit facilities are described in the Statement of Cash Flow. The Group's substantial equity ratio, its prospects for future profits and current credit facilities mean that the board considers the Group's liquidity risk to be low at the present time.

RESEARCH AND DEVELOPMENT

SalMar focuses strongly on the development of scientific, technical and process competence in all its business areas. The SalMar School collects, develops and disseminates knowledge and "best practices" throughout the organisation. At the same time, management at each business area is responsible for identifying and implementing projects and initiatives which can help to expand the Group's overall competence as well as strengthen the technical and practical solutions which will be used at the new InnovaMar facility, among others.

In 2010 SalMar initiated or continued a number of development projects linked to both the fish farming and processing industry.

In the field of fish farming SalMar has taken the initiative for or participated in a number of R&D activities and projects. These include:

- 5-meter significant wave height project. This is a forward-looking project in which SalMar is working with industry experts and equipment suppliers to develop fish farming equipment and operating models for locations exposed to greater stresses (wave height and currents) than is the case for today's farms. The possibility of farming fish in more exposed locations would have a number of benefits, such as increased fish welfare deriving from a better environment for the salmon, and reduced environmental footprint due to optimal sea current and seabed conditions. At the same time production capacity in Norway could be significantly increased through the use of areas which have previously not been used for fish farming.
- To learn more about the best feed composition and best feeding strategies SalMar has initiated an internal project to monitor the salmon's digestive system.
- Collaboration with the research establishment Sintef on the exploitation of an R&D licence which Sintef controls (size corresponds to three ordinary licences). The R&D activities are primarily associated with the development of equipment technology for use in the aquaculture industry.
- Current modelling project in conjunction with all the fish farmers in central Norway, the county council and Sintef. The project's

objective is to reduce the spread of PD and ISA.

- Analyses relating to the farming of wrasse for use in the fight against salmon lice. This is being done in conjunction with other fish farmers and relevant centres of expertise.
- Development of improved work routines and computer-based tools for optimising biological production.
- Use of TelCage for surveillance and feeding from land.
- Use of roe with greater resistance to the IPN virus.
- Collaboration with AquaGen on the analysis of different families' resistance to HSMI.
- Participation in two KMB projects (Knowledge-Building Projects with User Involvement) with support from the Research Council of Norway. One project linked to lice, the other to biomass measurement.

In 2010 SalMar was also engaged in a number of R&D projects in the field of secondary processing. These include:

- The development of equipment for the automatic deboning of pre-rigor salmon fillets.
- Automation of packing processes through the use of robots.
- The development of internal laboratory competence to support efforts to improve the quality of the final product (texture, colour, defects) and the fish farming division's efforts to monitor the salmon's digestive system.
- The development of the next generation of fish boxes and packaging in order to achieve environmental benefits and reduce transport requirements.

SalMar invests considerable resources to be at the forefront in the development of "best practices" and new environment-friendly solutions in all parts of the value chain.

GOING CONCERN

With reference to the Group's profits, financial standing and long-term forecasts for the years ahead, it is confirmed that the financial statements for 2010 are based on the assumption that SalMar is a going concern. In the opinion of the board, the Group's financial position is very good.

DIVIDEND POLICY

SalMar's objective is to provide its shareholders with a competitive return on their invested capital, given the company's risk profile. This return shall be achieved through a combination of share price increase and the payment of a dividend by the Group. The Group plans to pay out its surplus liquidity (liquidity not needed for the Group's day-to-day operations and future development) as a dividend or a capital reduction with a payout to the shareholders. The Group will also periodically assess whether any available liquidity should be used for new investments or the repayment of debt rather than being paid as a dividend. Payment of an annual dividend is planned, conditional upon the approval of the annual general meeting. The company will also consider whether to buy back its own shares within the framework of the authorisations granted to the board of directors by the annual general meeting.

PARENT COMPANY'S FINANCIAL STATEMENTS AND ALLOCATION OF PROFIT FOR THE YEAR

The parent company, SalMar ASA, made a net profit for the year of NOK 709.6 million. The board is proposing payment of a NOK 4.00 per share dividend. This corresponds to a total payout of NOK 412.0 million (NOK 406.4 million adjusted for holdings of treasury shares). The board is proposing the following allocation of the year's profit:

Dividend
 Other equity
 Total
 NOK 406,4 million
 NOK 303,2 million
 NOK 709,6 million

After payment of the dividend, the distributable reserve totals NOK 202.3 million.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Consideration for health, safety and the environment is one of Sal-Mar's core values. Efforts are continuously being made to prevent incidents which may cause injury to staff, or harm to tangible or intangible assets and the external environment.

At the end of 2010 the Group had the equivalent of around 590 full-time employees, of whom approx. 135 were women. It is Sal-Mar's clear objective to be a workplace in which there is complete equality between the genders and between various ethnic groups.

The working environment is considered to be good, and the Group is working systematically to implement measures to improve the environment.

That SalMar's employees are in good health and work in safe and healthy surroundings is a competitive advantage, both in the struggle to recruit and retain staff, and with respect to sustainable business development. The Group has therefore taken steps to provide a company health service, as well as a great many activities in which employees may participate. Both of these factors help to strengthen the individual employee's motivation, as well as their physical and mental health.

SalMar is making a determined effort to reduce sickness absence among its staff, and a number of measures have been implemented to reduce sickness absence and improve the individual's work situation. Among these initiatives are the individual adjustment of workloads, the provision of massage therapy and the hiring of a swimming pool with therapy pool.

The short-term sickness absence rate in 2010 was 2.53 per cent, compared with 2.92 per cent in 2009. The long-term sickness absence rate in 2010 was 3.60 per cent, compared with 3.98 per cent the year before. Sickness absence is considered relatively low in relation to other comparable businesses. Systematic efforts are being made to implement preventative measures and adapt employees' working conditions to their individual needs. A total of 51 work-related injuries were reported during the year, compared with 38 in 2009.

As a steward of considerable natural resources SalMar also has a significant responsibility for the environment. For this reason the Group makes every effort to make as little impact on the environment and community-held property as possible. This is achieved through a number of measures, including strictly controlled waste management at all levels, the vaccination of all

MONICHA SETERNES Employee representative.

Ms Seternes has worked in SalMar since 2007 when she was hired as a member of the logistics team. In 2010 she began in a new role as a key account manager in SalMar Sales. Before Ms Seternes came to SalMar she worked as a customer advisor in the Norwegian bank Sparebanken Midt-Norge. Ms Seternes holds an education in business management from the Norwegian school of management, Bl.

Elected February 2011.



RANDI E. REINERTSEN

Mrs. Reinertsen is a reasearch director at Sintef Health Research and a professor of Physiology in the department of Biology at the Norwegian University of Science and Technology. Sha has previously held several positions with the Sintef system and the Reasearch Council of Norway.

Mrs. Reinertsen has been a member of the board since June 2010.

Mrs. Reinertsen is judged to be an independent director.



juvenile fish to reduce the risk of disease and its spreading, and a zero-tolerance for incidents of its own making which could lead to the escape of fish from its marine-phase facilities. SalMar delivers all by-products from its harvesting and processing facilities to Nutrimar AS, which uses them to produce fish meal and fish oil. In this way, SalMar ensures that "the entire fish" is used and that value is generated from what would otherwise go to waste. The Group engages in close cooperation with both private and public sector bodies and institutions in the field of fish health.

Carbon Disclosure Project

SalMar ASA has been appointed as Norway's best company when it comes to reporting, and working with, carbon emissions and the environmental impact. The ranking is published by the Carbon Disclosure Project, CDP, which further puts SalMar ASA on a eleventh position in a Nordic context. CDP is an independent not-for-profit organization holding the largest database of primary corporate climate change information in the world. Behind the organization are 534 institutional investors, representing a total of USD 64 trillion. The Nordic index is based on questions to the 200 largest listed companies in the Nordic region. From Norway there were reported responses from 25 of a total of 49 requested companies. Read more about the survey at: www.cdproject.net/

SalMar have a holistic view of the fish farming industry and work continuously, throughout the organization, to achieve energy efficient and climate friendly solutions. The appointment as Norway's best clarifies that the work on energy efficiency and climate-related risks has been successful and provides additional motivation for future efforts.

HUMAN RESOURCES AND ORGANISATION

The excellent development and solid results created by SalMar over several years are due to the hard work of all the Group's employees. Their positive attitudes and perseverance has always played an important part in SalMar's success. Through the SalMar School and day-to-day exposure to the Group's performance-based company culture, all employees are stimulated to develop and grow.

Maintaining and developing a company culture and values that have been built up over many years is a major challenge. It is particularly demanding, given the growth the

company has experienced. Great emphasis will continue to be placed on company culture and values in the time ahead, so that SalMar can retain its position and be acknowledged as one of the world's leading integrated fish farming companies. To support this work the long established SalMar School will during first half of 2011 undergo a comprehensive development process.

Efforts are being made to secure access to qualified personnel at all levels in the organisation. Great emphasis is placed on offering employees a good working environment, meaningful job content, as well as fair and competitive pay and conditions. At its processing plant in Frøya the Group employs people from 16 different countries. This places increased demands on management to ensure that all employees understand the SalMar culture, as well as perform their tasks correctly and efficiently. SalMar also devotes internal resources to assisting its employees, such as finding accommodation for those who need it.

DISCRIMINATION

The purpose of the Anti-Discrimination Act is to promote equality, safeguard equal opportunities and rights, and prevent discrimination on any grounds. Within its business operations the Group is working actively to foster an environment in compliance with the spirit of the Act. The Group aims to be a workplace that does not discriminate on the grounds of reduced functional capability. The Group is working actively and systematically to design and adjust the physical conditions at its sites to make them as accessible as possible. For employees or job seekers with reduced functional capabilities, the workplace and the job content are tailored to the individual concerned.

CORPORATE GOVERNANCE

SalMar has carried out a thorough review of its principles for corporate governance, and the Group's rules have been compared with the Norwegian Code of Practice for Corporate Governance which applies to listed



companies. These principles are discussed in detail in a separate chapter of the annual report.

The Group's board of directors comprises five members elected by the shareholders and one employee representative. Two of the shareholder-elected directors are women. This corresponds to a female representation of 40 per cent, which is in accordance with Norwegian legislation.

CORPORATE SOCIAL RESPONSIBILITY

SalMar has business operations in many local communities. In a number of these the Group is a major employer and local taxpayer, as well as supporting local voluntary associations and sports clubs.

SalMar wishes to help all its employees, their families and local communities to benefit from the Group's presence and financial success.

In line with the Norwegian Code of Practice for Corporate Governance, SalMar has drawn up a separate set of guidelines for corporate social responsibility which will be approved by the board of directors during the first quarter 2011.

OUTLOOK

By means of hard work and dedication over many years SalMar has built up a strong position in a growing aquaculture industry. Norway in general, and central Norway in particular, affords excellent natural fish farming conditions, and SalMar will continue to manage these resources in the best possible way for its shareholders, employees, customers and affected local communities.

Based on SalMar's competitive position, financial strength and the market's general development, the Group is facing exciting times ahead. The fish farming industry is set for further growth, processing capacity has increased substantially following completion of the InnovaMar facility, sales and distribution expertise will be further strengthened, and the SalMar culture reinforced through the expansion of the SalMar School for all employees.

The industry as a whole has so far managed extremely well through the global recession of the past few years. Norwegian exporters of Atlantic salmon have experienced higher demand at record high price levels. Growth in major markets, such as Russia and China, has been extremely strong, while traditional markets have largely absorbed the higher salmon prices. This strengthens the board's view that the fish farming industry will continue to be a major employer and export sector for Norway in general and coastal communities in particular.

Even though there is inherent uncertainty in long term forecasts both relating to the market development and production related issues the Board feels the company's prospects are excellent.

It is SalMar's clear objective to maintain its position as one of the world's leading, and most profitable, integrated fish farming groups. It is the opinion of the board that SalMar is well placed to achieve this goal.

The board would like to thank all employees for their dedicated efforts, which underpin SalMar's long-term success.

Frøya, 29. march 2011

Bjørn Flatgård Chair

Randi C. Reinertsen

Randi E. Reinertsen

Gustav Witzøe

Alf Jostein Skjærvik
Director/Employee representative

Synnove G. Ervik

Director

Manisha Salamas

Monicha Seternes
Director/Employee representative

Kjell A. Storeide

Director

logo Nordhammer

Leif Inge Nordhammer President & CEO







OPERATING REVENUES AND OPERATING EXPENSES	S NOTE	2010	2 009
Sales revenues	20	3 399 868	2 376 262
Other operating revenues		29 564	1 042
Total operating revenues		3 429 432	2 377 305
Change in stocks of goods in progress and finished goods (co	st principle)	-401 629	-25 567
Excess value of inventory from acquisitions		33 587	0
Cost of goods sold		2013312	1 162 445
Salary & payroll costs	21, 16, 23	313 290	265 517
Depreciation	4, 5	93 962	66 578
Write down of PP&E and intangible assets	4, 5	1 668	11 600
Other operating costs	21, 22	402 453	311 973
Total operating expenses		2 456 642	1 792 546
Operating profit before fair value adjustment of the biom	ass	972 791	584 759
Fair value adjustment of the biomass	11	181 023	-4 624
Operating profit		1 153 813	580 135
CINIANICIAL INICOME AND CINIANICIAL EVDENICES			
FINANCIAL INCOME AND FINANCIAL EXPENSES	6	1 47 265	FC 7C0
Income from investments in associates	6	147 365	56 769
Interest income	2.4	5 639	330
Financial income	24	18 495	30 066
Interest expenses	24	49 597 14 931	32 078 1 119
Financial expenses Net financial items	24	106 972	53 968
Profit before tax		1 260 785	634 103
Tax	15	302 667	163 217
Net profit for the year		958 118	470 886
Net profit for the year		330 110	470 000
COMPREHENSIVE INCOME			
Translation difference in associates		-27 546	-20 384
Equity transactions in associates		158	4 076
Translation differences in subsidiaries		416	-658
Change in fair value of hedging instruments		0	2 205
Reclassification of hedging instruments		-6 899	0
Total comprehensive income for the year		924 246	456 126
Non-controlling interest's share of net profit for the year		11 300	16
Controlling interest's share of net profit for the year		946 818	470 869
Non-controlling interest's share of total comprehensive incom	10	11 300	16
Controlling interest's share of total comprehensive income		912 946	456 110
Earnings per share/diluted earnings per share	25	9,19	4,58

BALANCE SHEET 31. DECEMBER NOK 1000

ASSETS	NOTE	2010	2 009
NON-CURRENT ASSETS			
Intangible assets			
Licences, patents, etc	4	1 406 483	935 916
Goodwill	4	306 999	205 458
Total intangible assets	4	1 713 482	1 141 374
Property, plant & equipment			
Land, buildings and other real property	5	179 364	102 624
Plant, equipment and operating consumables	5	636 720	403 979
Vessels, vehicles, etc	5	55 951	26 684
Total property, plant & equipment	5	872 035	533 286
Non-current financial assets	6	055,000	250 500
Investments in associates	6	866 809	268 508
Investments in shares and other securities	7,8	1 426	1 025
Pension fund assets	16	3 901	4 904
Other receivables	10, 21	12 276	12 720
Total non-current financial assets		884 412	287 157
Total non-current assets		3 469 929	1 961 817
CURRENT ASSETS			
Biological assets	11	1 580 934	1 011 518
Other inventory	11	128 973	103 176
Total inventory		1 709 907	1 114 694
Receivables			
Trade receivables	10	409 707	252 155
Parent company receivables	26	0	84
Other receivables	10	136 266	73 163
Total receivables	10	545 973	325 401
Total receivables		3 13 37 3	323 701
Bank deposits, cash & cash equivalents	12	107 062	148 424
Total current assets		2 362 943	1 588 519
TOTAL ASSETS		5 832 871	3 550 336

BALANCE SHEET 31. DECEMBER NOK 1000

EQUITY AND LIABILITIES	NOTE	2010	2 009
EQUITY			
Paid-in equity			
Share capital	13	25 750	25 750
Treasury shares		-350	-350
Share premium fund		112 880	112 880
Other paid-in equity		25 685	20 454
Total paid-in equity		163 964	158 734
Retained earnings			
Distributable reserve		2 187 391	1 540 158
Total retained earnings		2 187 391	1 540 158
Non-controlling interests		118011	914
Total equity		2 469 367	1 699 806
LIADULTICS			
LIABILITIES Other per surrent liabilities			
Other non-current liabilities Pension liabilities	16	1714	5 784
Deferred tax liabilities	15	787 188	498 508
Debt to credit institutions	2,14	1 760 567	746 071
		108606	68 070
Leasing liabilities Total other non-current liabilities	2,14	2 658 075	1 318 433
Total other non-current liabilities		2 030 073	1 310 433
Current liabilities			
Debt to credit institutions	14	51 431	118 073
Trade payables	2	351 042	204 394
Tax payable	15	148 088	146 293
Public charges payable		48 023	19710
Other current liabilities	19	106 845	43 627
Total current liabilities		705 430	532 098
Total liabilities		3 363 505	1 850 531
TOTAL EQUITY AND LIABILITIES		5 832 871	3 550 336

Frøya, 29. march 2011

Bjørn Flatgård

Randi C. Reinerben

Randi E. Reinertsen Director

Gustav Witzøe

Director

Alf Jostein Skjærvik Director/Employee representative Synnove G. Evil

Synnøve G. Ervik Director

Ministra Solarus Monicha Seternes Director/Employee representative

Kjell A. Storeide dulling dellaw

> Leif Inge Nordhammer President & CEO

STATEMENT OF CASH FLOW

NOK 1000

CASH FLOW FROM OPERATING ACTIVITIES:	NOTE	2010	2009
Operating profit		1 153 813	580 135
Tax paid during the period	15	-128 129	-46 421
Depreciation	4, 5	93 962	66 578
Write-downs	4, 5	1 668	11 600
Expensed options	21	5 231	5 195
Payment for redemption of options	21	-22 297	0
Reclassification of options	21	-19888	0
Gains/losses on sale of non-current assets	5	282	-1 376
Change in inventory / biological assets		-629 839	-35 052
Change in trade receivables		-105 222	-78 915
Change in trade payables		100 691	45 196
Change in other current assets and other liabilities		58 503	-33 333
Net cash flow from operating activities		508 775	513 607
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant & equipment	4, 5	1 866	39 699
Payments for purchase of property, plant & equipment	4, 5	-307 895	-254 127
Dividend from associates	6	47 586	45 000
Payments for acquisition of businesses	6	-945 114	-26 524
Payments for purchase of non-current financial assets		-9 357	-5 423
Net cash flow from investing activities		-1 212 914	-201 375
CASH FLOW FROM FINANCING ACTIVITIES:			
	2,14	965 784	44 106
Proceeds from long-term borrowings	2, 14 2, 14	-63 495	-52 997
Repayment of long-term borrowings Net change in overdraft	۷, ۱۲	-03 493 27 552	-69 686
Interest received		27 552 5 639	330
Interest paid		-49 597	-32 078
Buyback of treasury shares	13	-49 J97 0	-35 376
Equity paid out	13	-223 520	-40 960
Equity paid in (net)	13	-223 320 N	0.00 -4-
Net cash flow from financing activities	13	662 363	-186 661
Net cash now from financing activities		002 303	-100 001
Net change in bank deposits, cash & cash equivalents		-41 776	125 571
Translation differences non-Norwegian subsidiaries		416	-687
Bank deposits, cash & cash equivalents as at 1 Jan		148 424	23 541
Bank deposits, cash & cash equivalents as at 31 Dec		107 062	148 424
Unused drawing rights	14	948 495	1 254 539

EQUITY

NOK 1000

		Sharo	Troosury	Share premium	Other paid-in	Distributable	Non	Total
2009	NOTE	capital	shares	fund	equity	reserve	interests	equity
Equity as at 1 Jan 2009 Net profit for the year		25 750	-150	112 880	15 551	1 160 184 470 869	898 16	1 315 112 470 886
Comprehensive income								
Translaton differences in associate	s 6					-20 384		-20 384
Equity transactions in associates	6					4 076		4 076
Translation differences in subsidiar	ies					-658		-658
Change in fair value of hedging inst	truments					2 205		2 205
Total other comprehensive incom	ie					-14 760	0	-14 760
Total comprehensive income for	the year					456 110	16	456 126
Transactions with shareholders								
Options	21				4 903			4 903
Dividend for 2008						-40 960		-40 960
Buyback of treasury shares	13		-200			-35 176		-35 376
Total transactions with sharehold	ders	0	-200	0	4 903	-76 136	0	-71 433
Equity as at 31 Dec 2009		25 750	-350	112 880	20 454	1 540 158	914	1 699 806

				Share	Other		Non	
2010	NOTE	Share capital	Treasury shares	premium fund	paid-in equity	Distributable reserve		Total equity
			5.1.2.1.5.5					
Equity as at 1 Jan 2010		25 750	-350	112 880	20 454	1 540 158	914	1 699 806
Net profit for the year						946 818	11 300	958 118
Compand and its in some								
Comprehensive income	_							
Translaton differences in associate	es 6					-27 546		-27 546
Equity transactions in associates	6					158		158
Translation differences in subsidia	ries					416		416
Change in fair value of hedging ins	truments	-				-6 899		-6 899
Total other comprehensive incom	ne					-33 872	0	-33 872
Total comprehensive income for	the year	•				912 946	11 300	924 246
Transactions with shareholders								
Options granted	21				5 231			5 231
Options redeemed	21					-22 297		-22 297
Reclassification of options	21					-19 888		-19888
Dividend for 2009						-223 520		-223 520
Additions non-controlling interests	6						105 797	105 797
Total transactions with sharehol	ders	0	0	0	5 231	-265 705	105 797	-154 677
Equity as at 31 Dec 2010		25 750	-350	112 880	25 685	2 187 391	118 011	2 469 367

NOTES to the consolidated financial statements 2010



NOTE 1 • ACCOUNTING PRINCIPLES

General

SalMar ASA is registered in Norway, and the company's shares are traded on the Oslo Stock Exchange. The company's head office is located in Frøya. The consolidated financial statements were formally approved by the board of directors 29 March 2011.

The most important accounting principles used in the preparation of the consolidated financial statements are presented below. These principles are applied in the same way in all the periods presented unless otherwise indicated by the description concerned.

Principles underlying the financial statements

The consolidated financial statements have been drawn up in accordance with IFRS and interpretations determined by the International Accounting Standards Board that have been approved by the EU.

The consolidated financial statements are based on the principles of historic cost, with the exception of the following accounting items, which are recognised at fair value:

- Biological assets (Note 11)
- Forward currency contracts (Note 9)

New and amended standards applied by the Group

In 2010 the Group has applied the following new and amended standards:

- IFRS 3 Business Combinations (revised) and associated amendments to IAS 27 Consolidated and separate financial statements, IAS 28 Investments in associates and IAS 31 Interest in joint ventures are used for business combinations where the acquisition date is after 1 January 2010.

The revised standard has been used in connection with the acquisition of Rauma Gruppen and Marius Eikremsvik AS/AS Settefisk. Transaction costs have now been charged to expenses. Previously, these would have been included in the acquisition cost. The Group has elected to capitalise non-controlling interests at fair value instead of their share of net assets. This latter alternative was previously not permitted. See Note 6 for further information about the year's acquisitions.

New and amended standards applied by the Group but which have had no impact on the financial statements at the present time

- IFRIC 17 Distribution of Non-Cash Assets to Owners. The interpretation regulates the method of accounting for certain defined assets-in-kind which are distributed to an entity's owners. IFRS 5 has also been amended such that assets to be distributed are classified as "held for distribution" when they are available for distribution in their current condition and distribution is highly probable.
- IFRIC 16 Hedges of a net investment in a foreign operation (amended). The amendment makes plain that when hedging a net

investment in a foreign operation the hedging instruments may be held by any entity within the Group, including the foreign operation, as long as the requirements for earmarking, documentation and efficiency of net investments under IAS 39 are met. The Group must clearly document the hedging strategy because different earmarking may apply at different levels in the Group.

- IAS 38 Intangible Assets (amended) specifies the requirement for measuring the fair value of intangible assets acquired in connection with business combinations. The amendment allows intangible assets with an identical economic lifespan to be treated as one combined asset in certain circumstances.
- IAS 1 Presentation of Financial Statements (revised). The revised standard makes plain that the potential settlement of a liability through the issue of equity has no effect on its classification as a current or non-current liability. The change allows a liability to be classified as non-current (given that the entity has an unconditional right to postpone settlement by transferring cash or other assets at least 12 months after the balance sheet date) despite the fact that the counterparty can demand at any time that the entity must settle in shares.
- IAS 36 Impairment. The change makes plain that the largest cash-generating entity (or group of entities) to which goodwill will be allocated when testing for impairment is the operating segment as defined in article 5 of IFRS 8 Operating segments (eg before the grouping of segments with similar financial characteristics such as is referred to in article 12 of IFRS 8).
- IFRS 2 (amended) Group cash-settled share-based payment. In addition to including IFRIC 8 "Scope of Ifric 2" and IFRC 11 IFRS 2 Group and treasury share transactions, the change provides an expansion of the guidelines in IFRIC 11 on how to account for share-based remuneration in groups.
- IFRS 5 (amended) Non-current assets held for sale and discontinued operations. The change makes plain that IFRS 5 and IAS 1 define the requirements for supplementary information on non-current assets held for sale and discontinued operations.

Standards, amendments to and interpretations of existing standards which have not come into force and which the Group has elected not to implement ahead of time.

The impact of these changes is expected to be:

- IFRS 9 Financial instruments will replace IAS 39.

IFRS 9 Introduces new requirements for the classification and measurement of financial assets, and will probably affect the Group's accounting for financial assets. The standard continues the classification rules for financial liabilities, but changes the presentation of adjustments in value associated with own credit risk for liabilities that are voluntarily classified at fair value in profit and loss. The standard is compulsory with effect from 1 January 2013, but may be implemented prior to that. The standard has, however, not been adopted by the EU. The Group has not yet evaluated the full impact of IFRS 9.

- IAS 12 Deferred tax: recovery of underlying assets (amended). The change means that deferred tax on investment property assessed at fair value and not depreciable non-current assets measured at adjusted value in accordance with the provisions of IAS 16 shall be calculated on the basis of the tax rate in effect on the date of sale. The change is not expected to have any impact on the Group's deferred tax.
- IAS 24 Related party disclosures (revised) replaces the previous IAS 24 from 2003. The standard is compulsory for the financial years beginning after 1 January 2011, but may be implemented prior to that in whole or in part. The revised standard clarifies and simplifies the definition of closely related parties. The Group will apply the revised standard with effect from 1 January 2011, which will mean that the Group and parent company must provide information in the Notes with respect to all transactions between subsidiaries and associates. The Group is in the process of implementing systems to register this information, but it is as yet not possible to indicate the extent, if any, to which the revised standard will affect the information regarding closely related parties in the Notes.
- IFRIC 19 Extinguishing financial liabilities with equity instruments applies from 1 July 2010. The interpretation regulates the recognition of renegotiated borrowing terms, when the renegotiation results in all or part of the debt being extinguished in return for the issue of equity instruments (debt for equity swap). The debtor recognises any gains or losses on conversion, ie the difference between the book value of the liability and the fair value of the equity instruments being issued. If no reliable measurement of the equity instruments' fair value is possible, it is stated at the same amount as the extinguished financial liability. The Group will apply the revised standard from 1 January 2011, given that it is adopted by the EU. It is not expected to affect the financial statements of either the Group or the parent company.
- IFRIC 14 Prepayments of a minimum funding requirement (amended). The change corrects an unintended consequence of IFRIC 14, IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction. Without the change it is not permitted to capitalise assets associated with voluntary prepayments of minimum funding contributions. The change applies for financial years beginning after 1 January 2011, but may be implemented prior to that date. The change is retrospective to the earliest comparable figures. The Group will apply the change with effect from the 2011 financial year.

Various standards amended in the 2010 round of annual improvements. Amendments include a number of minor changes to the following standards and interpretations that may be relevant for the company: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and

IFRIC 13. The changes to IFRS 3 and IAS 27 apply to financial years starting on 1 July 2010 or later, while the other changes apply to financial years starting 1 January 2011 or later. The amendments have not yet been adopted by the EU.

Consolidation principles

The consolidated financial statements include SalMar ASA and those subsidiaries over which SalMar ASA has the power to govern the entity's financial and operational strategy, normally where ownership, directly or indirectly, exceeds 50 per cent of the voting capital. Newly acquired subsidiaries are included from the date on which a controlling interest is secured, and divested subsidiaries are included up until the date of on which control is ceded. The consolidated financial statements have been prepared in accordance with uniform accounting principles for similar transactions in all the companies included in the consolidated accounts. All material transactions and balances between group companies have been eliminated.

Shares in subsidiaries have been eliminated in the consolidated financial statements in accordance with the acquisition method. This means that the acquired company's assets and liabilities are reported at fair value on the date of acquisition, with any excess value being classified as goodwill. For partly owned subsidiaries, only SalMar's share of goodwill is included in the balance sheet . Where the fair value of the assets acquired exceeds the payment made, the difference is treated as revenue in the income statement. Deferred tax is capitalised to the extent to which identifiable excess values ascribed to assets and liabilities leads to an increase or decrease in future tax payable when these differences are reversed in future periods. Deferred tax is capitalised and calculated using a nominal, undiscounted tax rate.

When shares are acquired in stages, the value of the assets and liabilities on the date the Group was formed is utilised. Later acquisition of assets in existing subsidiaries will not affect the value of assets or liabilities, with the exception of goodwill which is calculated with each acquisition.

Acquisitions made before 1 January 2005 were not adjusted in connection with the transition to IFRS (permitted option).

Investments in companies in which the Group has a considerable but not controlling interest (associates) are treated in accordance with the equity method in the consolidated accounts. A considerable influence is normally deemed to exist when the Group owns 20-50 per cent of the voting capital. The Group's share of the profits in such companies is based on their profit after tax, less internal gains and depreciation on excess value due to the cost price of the shares being higher than the acquired portion of book equity. In the income statement the profit share is shown under financial items, while the assets are shown in the balance sheet under non-current financial assets. The accounting

principles used by associates have been changed where necessary to achieve consistency with the principles used by the Group as a whole.

The SalMar ASA Group

In 2010 the SalMar ASA Group acquired the following shares in subsidiaries:

- 75.5% of the shares in Rauma Gruppen AS acquired directly and indirectly by SalMar Farming AS
- 100% of the shares in Marius Eikremsvik AS/AS Stettefisk acquired by SalMar Farming AS
- 100% of the shares in Fjord Salmon AS acquired by SalMar Farming AS $\,$

See Note 6 for further details.

The Consolidated Financial Statements comprise:

The consolidated i manetal states	nemes comprise
• SalMar ASA	Parent co.
 SalMar Tunet AS 	100 %
Astamarin AS	100 %
 SalMar Settefisk AS 	
(formerly Follasmolt AS)	100 %
 Langsteinfisk AS 	60 %
 Straumsnes Settefisk AS 	100 %
 SalMar Farming AS 	100 %
 Reistad Eiendom AS 	100 %
 Rauma Gruppen AS 	75,5 %
Vikenco AS	51,0 %
 Rauma Stamfisk AS 	75,5 %
 Rauma Sætre AS 	75,5 %
 Rauma Eik AS 	75,5 %
 Rauma Misund AS 	75,5 %
 Marius Eikremsvik AS 	100 %
 AS Stettefisk 	100 %
 Fjord Salmon AS 	100 %
 SalMar Nord AS 	100 %
 Troms Stamfiskstasjon AS 	100 %
 SalMar Processing AS 	100 %
 SalMar Japan K.K 	100 %
• SalMar Sales AS	
(formerly Volstad Seafood AS)	100 %

Non-controlling interests

The share of the profit or loss after tax attributable to non-controlling interests is presented on a separate line after the Group's net profit for the year. The share of equity attributable to non-controlling interests is presented on a separate line under group equity.

Transactions with minority interests in subsidiaries are treated as equity transactions. With purchases from minority interests, the difference between any consideration paid and the shares' proportionate share of the carrying amount of net assets acquired is set against the equity of the parent company's owners. Gains and losses on sales to minority interests are similarly against the equity. When the group no longer has control, any remaining ownership interest is measured at fair value through profit or loss. The fair value is then the cost for the further recognition/accounting, either as an investment in associated companies, joint ventures or financial asset. Amounts previously recorded in other comprehensive income, related to this company, are treated as if the group had sold the underlying assets and liabilities. This could mean that

the amounts previously recognized in other comprehensive income are reclassified to profit and loss.

Important accounting estimates and evaluations

Preparation of the financial accounts in accordance with IFRS requires that management make evaluations, estimates and assumptions that affect the application of accounting principles and the book value of assets and liabilities in the balance sheet, as well as figures for revenue and expenses for the financial year. Estimates and their underlying assumptions are based on historical experience and other factors deemed relevant and probable at the time the evaluations are made. These evaluations affect the book value of the assets and liabilities where the valuation is not based on other sources. Estimates are reviewed continuously and final values and results may differ from these estimates. Changes in accounting estimates are included in the period the changes occur.

The evaluations and estimates deemed to be of greatest significance for the Group are as follows:

Fair value adjustment of the biomass

In accordance with IAS 41 the Group values live fish at fair value. The estimate of fair value is based on market prices on the balance sheet date in the respective markets in which the Group operates. The calculation of fair value is based on estimates for volume, quality and normal harvesting and sales costs. Fair value adjustment of the biomass based on these estimates has no impact on cash flow and does not affect operating profit before fair value adjustment of the biomass.

Goodwill and intangible assets

The book value of goodwill and intangible assets with an indeterminate lifespan is tested for impairment at least once a year, and more frequently if there are indications that a write-down may be necessary. This requires an estimate of the utility value of the cash-flow generating entity to which goodwill and intangible assets can be ascribed. To determine the utility value the Group must estimate the expected future cash flows from the cash-flow generating entity and, moreover, select a suitable discount rate with which to calculate the present value of these cash flows. Expectations regarding future cash flows will vary over time. Changes in market conditions and expected cash flows may result in future write-downs. The most important assumptions with an impact on the present value of cash flows associated with investments are the applicable discount rate, the estimated price of salmon in the Group's markets, production costs, production volume and that there will continue to be a market for salmon in the geographical areas in which it operates.

Fair value at acquisition

When a business is acquired, the Group capitalises the business's assets, liabilities and contingent liabilities, provided that the fair value of these can be reliably measured. To capitalise fair values the cost price is allocated between the acquired assets and liabilities, and this can lead to the posting of goodwill. To deter-

mine fair values at acquisition an assessment must be made of the reliability of the information available with respect to the acquired assets, liabilities and contingent liabilities. Normally, no active market exists for assets and liabilities acquired in connection with a business acquisition. Alternative methods must therefore be used to determine their fair value. Changes in estimates would lead to balance sheet reclassifications and could have an impact on depreciation in subsequent periods.

Any management evaluations made in connection with the application of IFRS standards, and which have an impact on the accounts, as well as estimates which are likely to be subject to material adjustment in the next financial year, are described in separate notes. This applies specifically to the valuation of the biomass (Note 11) and the valuation of goodwill and licences (Note 4).

Revenues

Revenues from the sale of goods are taken to income as they accrue, ie when both risk and control have been largely transferred to the customer. The moment of risk transfer will depend on the delivery terms stated in the sales contract.

This will normally be the case when the goods are delivered to the customer (FCA Plant). In certain circumstances risk is deemed to have been transferred when the goods have been delivered to the address specified by the customer, ie CIF.

Revenue is posted at the value of the consideration when the transaction takes place. Operating revenues are posted less public charges, discounts, bonuses and other sales costs.

Dividend is taken to income when the shareholders' right to receive a dividend has been approved by the annual general meeting.

Government grants

Operating grants are allocated periodically and classified together with the revenue they are intended to augment or the expense they are intended to reduce.

Segment reporting

Operating segments are reported in the same way as they are reported internally to the company's highest decision-making bodies. The company's highest decision-making body, which is responsible for the allocation of resources and the evaluation of the operating segments' earnings, is defined as group management. Internal reporting is based on the premise that the Group has fundamentally one business activity: the farming of salmon and trout.

Classification principles

Liquid assets consist of cash and bank deposits.

Assets which form part of the production cycle or fall due for payment within 12 months are classified as current assets. Other assets are classified as non-current assets. Liabilities which form part of the production cycle or fall due for payment within 12 months are classified as current liabilities. Other liabilities are classified as non-current.

Any proposed dividend is not capitalised as a liability until the Group has assumed an irrevocable obligation to pay the dividend, normally after it has been approved by the annual general meeting. The next year's instalment on long-term debt is classified as a current liability.

Changes in the fair value of biological assets are presented on a

separate line under operating profit/loss. Operating profit/loss is reported before fair value adjustment of the biomass in order to show the Group's underlying sales performance during the period.

Foreign currencies

The consolidated accounts are presented in Norwegian kroner (NOK), which is also the Group's functional currency. All companies, with the exception of the wholly owned subsidiary SalMar Japan KK use NOK as their functional currency.

All transactions in foreign currencies are translated into NOK at the time the transaction takes place. Realised foreign exchange gains/losses deriving from the settlement and translation of monetary items in foreign currencies at the rate in effect on the balance sheet date are recognised in profit and loss.

The Group endeavours to hedge against fluctuations in the foreign exchange market by using forward contracts. If the foreign currency position is deemed to represent cash hedging, ie the effective portion of the change in the fair value of derivatives earmarked and qualified as hedging instruments in a cash flow hedging scheme, gains and losses are recognised in comprehensive income. Gains and losses on the ineffective portion are recognised as a financial item in profit and loss. As at 31 December 2010 no financial instruments were recognised in comprehensive income. Reversal of accounting records that have historically been kept temporarily in other comprehensive income is recorded as part of comprehensive income in the period.

The fair value of currency hedging instruments is calculated on the balance sheet day at the market price for contracts with a similar maturity profile. Changes in the fair value of such instruments are recognised in the profit and loss account as financial items when they do not meet the requirements for hedge accounting. Financial derivatives are classified as current assets or current liabilities in the balance sheet. Gains/losses on foreign exchange are classified as financial items.

The profit and loss account and balance sheet for group companies (none with hyperinflation) with a functional currency other than the presentation currency are translated thus:

- a) The balance sheet is translated at the exchange rate in effect on the balance sheet day.
- b) The profit and loss account is translated at the average exchange rate (if the average does not give generally reasonable estimate of the transaction rate, the actual transaction rate is used).
- c) Translation differences are recognised in comprehensive income and are specified as a separate item under equity.

Translation differences relating to net investments in non-Norwegian businesses and financial instruments designated as hedging instruments are recognised in comprehensive income and as a separate item under equity. In connection with the sale of all or part of a foreign business the associated translation difference is reclassified comprehensive income to ordinary profit and loss as part of the gain/loss from the sale.

Goodwill and excess values deriving from the acquisition of foreign entities are treated as assets and liabilities in the acquired entity and are translated at the exchange rate in effect on the balance sheet day.

Intangible assets

Intangible assets that are purchased individually are capitalised at acquisition cost. Intangible assets acquired in connection with the purchase of a business entity are capitalised at acquisition cost when the criteria for separate posting are met.

Intangible assets with a limited economic lifespan are depreciated systematically. Intangible assets are written down to their recoverable value if the expected financial benefits do not cover their book value and any remaining production costs.

Costs relating to research and development are charged as expenses as they accrue. R&D costs are capitalised when specific criteria are met. Capitalised R&D costs are recognised at acquisition cost less accumulated depreciation and write-downs. Capitalised R&D costs are depreciated in a straight line over the asset's estimate period of use.

Breeding nucleus is recognized at cost, less accumulated depreciation and impairment losses.

Licences are capitalised at cost less accumulated write-downs. Licences are not depreciated, since the rights they confer are perpetual, but are tested annually for impairment. Any excess value identified in connection with the acquisition of licence leasing agreements is capitalised as an intangible asset.

Prepaid leasing costs associated with partnership agreements are deemed to confer the right to use of an intangible asset and are classified as an intangible asset. Leasing costs are charged as expenses over the period of the lease.

When another business entity is taken over for a consideration that exceeds the value of the individual assets, the difference is entered as goodwill in the balance sheet. Goodwill deriving from the purchase of subsidiaries is included under intangible assets, while goodwill deriving from the acquisition of associates is included under shares in associates. Goodwill is entered at historic cost less accumulated depreciation up to 2004.

Goodwill is not depreciated (after 1 January 2005), but is tested annually for impairment, or more often if there are indications that its value is lower than book value. When assessing the need to write down goodwill, this is assigned to relevant cash flow-generating entities or those groups which are expected to benefit from the acquisition. Write-downs are performed in accordance with an assessment of the recoverable value of each of the cash flow-generating entities to which the goodwill is assigned. To identify the Group's cash flow-generating entities the assets are grouped according to the lowest level to which separate and independent cash flows may be ascribed. Recoverable value is calculated on the basis of value in use. This is arrived at by estimating future cash flows for the next three years based on approved budgets and forecasts. Cash flows after three years are assumed to equal the expected rate of inflation. Cash flows are discounted by a rate

of interest before tax which takes account of relevant market risk. If the calculated value in use is lower than the book value of the cash flow-generating entity, goodwill is written down first and then other assets as required.

Property, plant & equipment

Property, plant and equipment are capitalised at acquisition cost, less accumulated depreciation and writedowns. Interest on building loans is part of acquisition cost. When assets are sold or divested, the book value is deducted and any loss or gain posted to profit and loss. Ordinary depreciation commences from the date on which the asset goes into normal operation, and is calculated on the basis of its economic lifespan. Depreciation is assigned in a straight line over the expected economic lifespan of the asset, taking into consideration its estimated residual value. If an asset comprises significant components with varying lifespans, these components are depreciated separately. The scrap value of the property, plant and equipment, as well as the depreciation period and depreciation method employed, are reassessed annually.

Facilities under construction are not depreciated. Depreciation is charged to expenses when the facilities are ready for use.

If the situation or circumstances indicate that the book value of an asset cannot be recovered, an assessment is made about whether to write down its value. If the recoverable value of a non-current asset is lower than the book value and the impairment is not expected to be temporary, the asset is written down to recoverable value. The recoverable value is the higher of net sales price and value in use. Value in use is the present value of the future cash flows which the asset will generate. Assets which will no longer be used after the transition to the Group's new InnovaMar factory were written down in 2009 and 2010.

Financial instruments

In accordance with IAS 39, financial instruments falling within its remit are classified in the following categories: fair value with changes in value posted to profit and loss, hold until maturity, loans and receivables, available for sale, and other liabilities.

Financial instruments at fair value in profit and loss Financial instruments at fair value in profit and loss are financial assets held for trading purposes. A financial asset is classified in this category if it has been acquired primarily for the purpose of generating a gain from short-term price fluctuations. Derivatives are classified as being held for sale unless they are part of a hedging scheme. Assets in this category are classified as current assets.

Financial assets at fair value in profit and loss are recognised at fair value upon acquisition and the transaction costs charged as expenses. Following their initial capitalisation financial assets are recognised at fair value in profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not traded in an active market. They are classified as current assets unless they fall due for payment more than 12 months after the balance sheet date. Loans and receivables are presented in the balance sheet as trade receivables and other receivables, as well as cash and cash equivalents. Loans and receivables are capitalised initially at fair value plus transaction costs. In subsequent periods loans and receivables are valued at amortised cost using the effective interest method, less any losses deriving from impairment. Due to immaterial transaction costs and short credit times, amortised cost equals nominal value less provisions for bad debts.

Financial assets available for sale

Financial assets available for sale are non-derivative financial assets which have been placed in this category by choice or because they do not belong in any other category. They are classified as non-current assets unless the investment falls due or management does not intend to sell the investment within 12 months of the balance sheet date. Financial assets available for sale are recognised at fair value, with any changes in fair value, apart from impairment loss, being recognised in comprehensive income. When securities classified as available for sale are sold or written down, the entire change in value that has been recognised in comprehensive income is reclassified as a financial item and posted to ordinary profit and loss.

Financial assets and liabilities are offset and presented net in the balance sheet when an enforceable offsetting entitlement exists and there is an intention to settle net or realise the asset and settle the liability at the same time.

Derivatives

Derivatives are capitalised at fair value on the date the derivative contract was entered into, and thereafter at the fair value in effect in subsequent periods. The way associated gains or losses are accounted for depends on the extent to which the derivative is designated as a hedging instrument, and if so what kind of hedging instrument.

The Group designates derivatives designated as hedging instruments as hedges of the fair value of recognized assets or liabilities or unrecognized binding commitment (fair value hedge). Derivatives not designated as hedging instruments, is recognized at fair value through profit or loss. The fair value of a hedging derivative is classified as a non-current asset or non-current liability if the remaining term of the hedged object is longer than 12 months. If the remaining term is less than 12 months it is classified as a current liability. Derivatives held for trading are classified as current assets or current liabilities.

Inventory

Inventory consists of feed, packaging materials, fry, live fish in the sea and processed fish. Stocks of feed, packaging materials, fry and processed fish are valued at the lower of cost and net realisation value. The cost price of goods produced in-house is the full production cost. The FIFO principle is used in connection with the periodic assignment of inventory costs. Net realisation value is estimated sales price less variable finishing and sales costs. Live fish in the sea are recognised at fair value. Stocks of finished goods/ frozen fish are valued at the lower of cost (fair value at harvesting) and net realisation value.

Biomass

Biological assets (biomass) comprise salmon fry/smolt and fish in the sea. In accordance with IAS 41 biological assets are normally recognised at their estimated fair value less sales and harvesting costs. The estimate of fair value is based on the reported sales price for harvested salmon of the same size, less estimated sales and transport costs. This results in a net value for the fish farmer. The value reflects the expected quality of the fish, and the fact that it is not harvestable. For smaller fish the production cost per kg may be higher than achieved prices per kg in the market. In this case cost price may be used for live salmon that are not yet harvestable, unless there exists an impairment requiring a write-down in value (further growth and sales price are not expected to meet production costs). The period immediately prior to harvesting makes estimating the fair value of not yet harvestable fish more uncertain than estimating the value of harvestable fish. See Note 9 for further information regarding the principles employed. See Note 11 for further details regarding the principles applied. In the profit and loss account production costs associated with sold fish are recognised under the cost of goods sold, while adjustments in other costs are recognised on a separate line as fair value adjustment of the biomass. With regard to the sale of fish obtained through acquisitions, those elements associated with the cost of production are recognised under the cost of goods sold, while those elements associated with an estimated fair value are recognised on a separate line in the profit and loss account, "excess value of inventory obtained through acquisitions". Biomass farmed as part of partnership agreements is treated for accounting purposes as the Group's own fish, since the Group bears the risk associated with farming the fish.

Fixed-price contracts

The Group enters into sales contracts for salmon products on an ongoing basis. The contracts involve physical settlement, and deliveries associated with the contracts form part of the Group's normal business activities. The contracts are therefore not financial instruments under IAS 39. The contracts contain no built-in derivative elements. Fixed-price contracts which imply that the group is obliged to sell the harvest mature fish at a lower price than that which forms the basis for fair evaluation of biomass, is allocated to liability. The income effect is included in the income line "fair value adjustment of biomass".

Receivables

Trade receivable and other receivables are posted at face value less a provision for bad debts. Provisions for bad debts are made on the basis of an individual assessment of the receivable concerned. Due to insignificant transaction costs and the short credit period, amortised cost is the same as face value less foreseeable losses.

Share capital and share premium

Ordinary shares are classified as equity. Expenses deriving directly from the issue of new shares or tax-

deductible options are recognised as a reduction in receipts of paid-in equity. If a group company purchases shares in the parent company, the consideration paid for such treasury shares, including any transaction costs – less tax – is recognised as a reduction in equity (allocated to the parent company's shareholders) until the shares are cancelled or resold. If treasury shares are subsequently sold, the consideration received, less direct marginal transaction costs and associated tax effects, is recognised as an increase in equity allocated to the parent company's shareholders.

Debt

Borrowings are recognised at fair value, less transaction costs, when the loan is paid out. In subsequent periods loans are recognised at amortised cost calculated using the effective interest rate. The difference between the sum of the loan received (less transaction costs) and the redemption value is recognised in profit and loss over the term of the loan under effective interest. Borrowing costs are charged to expenses as they arise.

Tax

The tax expense is matched against the profit/loss before tax and comprises tax payable (tax on the year's direct taxable income) and changes in net deferred tax. Tax is recognised in profit and loss unless it refers to items which are posted in comprehensive income or are taken directly to equity. In this case tax is included in the net amount posted in comprehensive income or taken directly to equity.

Tax payable for the period is calculated in accordance with the tax legislation and regulations issued, or largely issued, by the tax authorities on the balance sheet date.

Deferred tax in the balance sheet is a nominal amount calculated on the basis of temporary differences between accounting and tax values, as well as any taxable loss carried forward at the end of the financial year. Deferred tax assets are capitalised when the probability that a taxable income will be made, which will allow the asset to be utilised, can be documented. Deferred tax is calculated on the difference between the accounting and taxable values of licences. Deferred tax assets and liabilities are presented net in the balance sheet.

Pensions

The net pension costs for the period are included under salaries and payroll costs. Pensions are recognised on the basis of a linear accrual profile and expected final salary. Changes in plan and estimate differences are amortised over the expected remaining accrual period.

In connection with the transition to IFRS, the Group made use of a permitted option to charge accumulated estimate differences to equity as at 1 January 2005. Employers' national insurance contributions are included in the figures.

The Group switched from defined-benefits to a defined-contribution pension scheme with effect from May 2006. Any effects deriving from the change were posted to profit and loss. Pension premiums payable in connection with the defined contribution scheme are charged to expenses as they accrue. The Group has no other liability over and above the annual payment.

Share-based incentives

The Group operates a share-based incentive scheme in which the companies receive services from the employees in return for eq-

uity instruments (options) in the Group. The fair value of the services the entities received from employees in return for the options granted is recognised as a cost in profit and loss. The fair value of share options is set on the date they are granted, using accepted valuation models adapted to the characteristics of the options in question. The value of the options thus set is posted to profit and loss periodically over the option's accrual period, with a corresponding increase in paid-in equity. The accrual period is the period from the establishment of the scheme until the options are fully accrued. The option scheme granted in 2010 has as its base settlement in shares, but the company may choose a cash settlement. The Company shall not be deemed to have an incurred liability related to the share option scheme. For further discussion of the Group's share option schemes see note 21

Provisions

A provision is recognised when, and only when, the company has a valid liability (legal or self-imposed) deriving from an event which has occurred, and it is probable (more likely than not) that a financial settlement will take place as a result of that liability, and that the amount in question can be reliably quantified. Provisions are reviewed on each balance sheet date, and the level reflects the best estimate for the liability.

Leasing contracts

Operating assets which are leased on terms which transfer the bulk of the financial risk and control to the company (financial leasing) are recorded in the balance sheet as property, plant and equipment, and the corresponding leasing liability is included under long-term liabilities at the present value of the leasing payments. The asset is depreciated as scheduled and the liability is reduced by the amount of lease paid, less a calculated interest cost. The depreciation period is consistent with similar assets which are owned by the Group, or shorter if the leasing period is shorter.

Leasing payments with respect to operational leasing agreements are classified as operating expenses and are posted to profit and loss linearly over the term of the contract.

Events after the balance sheet date

New information regarding the company's financial position on the balance sheet date which is received after the balance sheet date has been recognised in the year-end financial statements. Events after the balance sheet date which do not affect the company's financial position on the balance sheet date, but which will affect the company's future financial position are reported if material.

Statement of cash flow

The Group's statement of cash flow shows a breakdown of the Group's overall cash flow into operating, investing and financing activities. The statement shows the individual activity's impact on liquid assets. Cash flow deriving from the acquisition and sale of businesses is presented under investing activities.

Financial risk

Through its activities the Group is exposed to various kinds of financial risk: market risk, credit risk and liquidity risk. The company's management assesses these risks on an ongoing basis and draws up guidelines for dealing with them. The Group makes use of financial derivatives to hedge against certain risks.

The Group has bank loans raised for the purpose of providing capital for investment in the company's business. In addition, the company has financial instruments such as trade receivables, trade payables, etc, which are ascribable directly to day-to-day business operations. For hedging purposes the company has certain forward currency contracts. The company does not make use of financial instruments, including financial derivatives, for the purpose of speculation.

Market risk

Interest rate risk

Since the Group has no material interest-bearing assets its profit and loss and cash flow from operating activities are largely independent of changes in market rates. The Group's interest rate risk derives from long-term borrowings. Borrowing at floating interest rates represents an interest rate risk for the Group's cash flow, which is partly reduced by the opposite effect on cash equivalents which earn floating interest. Fixed-rate loans expose the Group to fair value interest rate risk. The borrowing portfolio is currently at floating interest rates, which means that the Group is affected by changes in interest rates. Loans are capitalised at amortised cost, since the difference between amortised cost and fair value is negligible. Given the financial instruments in effect on 31 December 2010, a 0.5% rise in the rate of interest would reduce the Group's profit by NOK 9,603,000 (NOK 4,079,000 in 2009), all other variables constant.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk in several currencies. This risk is particularly relevant with respect to the USD, EUR, GBP and JPY. Foreign exchange risk arises from future trading transactions, capitalised assets and liabilities, and net investments in foreign business operations. Revenues and assets denominated in foreign currencies are partly hedged through the use of forward contracts. The Group's currency exposure relating to operations has risen in the past year through the acquisition of Volstad Seafood AS (now SalMar Sales AS), which has led to a growing percentage of sales being made in

foreign currencies. The use of forward currency contracts is described in Note 9.

Given the financial instruments in effect on 31 December 2010, a 5% fall in the value of NOK would decrease the Group's profit by NOK 7,207,000 in 2010 (up NOK 5,965,000 in 2009).

Credit risk

The risk that counterparties do not have the financial strength to meet their obligations is considered low, since, historically, losses due to bad debts have been small. The Group has no material credit risk relating to individual counterparties or counterparties which may be considered a group due to similarities in the credit risk. The Group has guidelines to ensure that sales are made only to customers that have not previously had payment problems, and that outstanding balances do not exceed fixed credit limits. Part of the total accounts receivable is insured. The gross credit risk on the balance sheet date corresponds to the Group's receivables portfolio on the balance sheet date. See Note 10.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Cash flow forecasts are drawn up on a regular basis and the Accounts Dept monitors rolling forecasts of the Group's liquidity requirements to ensure that the Group has sufficient cash equivalents to meet operational liabilities, as well as at all times maintaining adequate flexibility in the form of unused credit facilities (see Statement of Cash Flow), such that the Group does not infringe borrowing limits or specific borrowing conditions (if relevant). The Group's objective is to have sufficient cash, cash equivalents or medium-term credit facilities to meet its borrowing requirement in the short term. See Note 14 for details of the Group's available credit facilities.

The table below details the Group's non-derivative financial liabilities and derivative financial liabilities to be settled net, classified by maturity structure. The classification is determined with respect to the maturity

		REMAINING TER	M		
31.12.2010	1-3 months	3-12 months	1-5 years	5 years +	Total
Interest-bearing bank loans Other liabilities Trade payables	11 969 6 444 351 042	35 907 19 333	1 701 789 82 774	62 333 54	1 811 998 108 606 351 042
31.12.2009 Interest-bearing bank loans Other liabilities Trade payables	9 025 4 257 204 394	27 075 12 771	144 400 51 040	598 671 -	779 171 68 069 204 394

date stipulated in the contract. Derivative financial liabilities are included in the analysis when the maturity date in the contract is important for an understanding of the periodisation of cash flows. The figures presented in the table are undiscounted contractual cash flows.

Capital structure and equity

The objective of the Group's capital management is to safeguard the Group's continued operations by ensuring the return on investment for shareholders and other stakeholders, and maintaining an optimal structure for reducing capital costs. By ensuring a good debt-to-equity ratio the Group will support its business operations, and thereby maximise the value of the Group's shares.

The Group manages and makes changes to its capital structure in response to an ongoing assessment of the financial conditions under which the business operates, and its short and medium-term outlook, including any adjustment in dividend payouts, buyback of treasury shares, capital reduction or issue of new shares.

No changes were made in the guidelines covering this area in 2010. As at 31 Dec 2010 the Group had an equity ratio of 42.3% (47.9% as at 31 Dec 2009).

Assessment of fair value

With effect from 1 January 2009 the Group has implemented the changes in IFRS 7 relating to financial instruments measured at fair value in the balance sheet date. The changes require the presentation of fair value measured according to the following scale:

- Quoted price in an active market for an identical asset or liability (level 1)
- Valuation based on observable factors, either direct (price) or indirect (deduced from price), other than a quoted price (used in level 1) for the asset or liability concerned (level 2)
- Valuation based on factors which are not derived from observable markets (non-observable assumptions) (level 3)

The table below presents the Group's assets and liabilities measured at fair value as at 31 Dec 2010.

31.12.2010 (NOK 1000)

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value in profit and loss				
- Derivatives held for trading	-	-	-	-
- Securities held for trading	-	-	-	-
Derivatives	-	27 355	=	27 355
Finanancial assets available for sale				
- Equity instruments	-	-	1 426	1 426
- Debt instruments	-	-	-	
TOTAL assets	-	27 355	1 426	28 781
Liabilities				
Financial liabilities at fair value in profit and loss				
- Derivatives held for trading	-	-	-	-
Derivatives	-	-	-	
TOTAL liabilities	-	-	-	-

31.12.2009 (NOK 1000)

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value in profit and loss				
- Derivatives held for trading	-	-	=	-
- Securities held for trading	-	-	-	-
Derivatives	-	9 452	-	9 452
Finanancial assets available for sale				
- Equity instruments	-	-	1 025	1 025
- Debt instruments	-	-	-	
TOTAL assets	-	9 452	1 025	10 478
Liabilities				
Financial liabilities at fair value in profit and loss				
- Derivatives held for trading	-	-	-	-
Derivatives	-	-	-	
TOTAL liabilities	-	-	-	-

The fair value of trade receivables and trade payables is practically identical to book value. The fair value of debt is practically identical to book value. The Group has "pt interest terms" which are considered to be identical to the market rate on the balance sheet date. See Note 14 for details of interest terms.

NOTE 3 • SEGMENT INFORMATION AND GEOGRAPHIC BREAKDOWN

Operating segments are reported in the same way as for internal reporting to the company's highest decision-making body. The company's highest decision-making body, which is responsible for allocating resources to and evaluating the earnings of the operating segments, is defined as group management. Internal reporting is drawn up on the basis that the Group has one business activity, the farming of salmon and trout. The Group has production facilities in central and northern Norway and in the Rauma district of Romsdal. The Group's segment reporting is therefore divided geographically based on production location. Group management evaluates the segments' performance on the basis of operating profit before fair value adjustment of the biomass. Depreciation and the realisation of excess value from tangible and intangible assets deriving from acquisitions are not allocated to the segments. Costs relating to employee options and the results of the subsidiary Sal-Mar Japan K.K are also included in the column for eliminations.

Sales between segments are carried out in accordance with the arm's length principle. When revenues from external parties are reported to group management they are measured in accordance with their measurement in profit and loss. Sums reported to group management as total assets are evaluated in the same way as in the annual financial statements. Assets are allocated on the basis of segment operations, as well as the asset's physical location. The Group's investments in associates are largely independent of geographical production and are not counted as segment assets.

Total liabilities are reported to group management and are evaluated in the same way as in the annual financial statements. These liabilities are allocated on the basis of segment operations.

				Other/	
2010 NOK 1000	Central Norway	Northern Norway	Rauma	eliminations	Group
External operating revenues	2 984 188	-	257 188	188 056	3 429 432
Internal operating revenues	153 040	505 979	-	-659 019	-
TOTAL operating revenues	3 137 228	505 979	257 188	-470 963	3 429 432
Depreciation	64 415	20 248	8 402	896	93 962
Write-downs	1 668	-	-	-	1 668
Operating expenses	2 337 508	274 482	182 015	-432 993	2 361 012
Operating profit bef. fair v. adj	. 733 637	211 249	66 772	-38 866	972 791
Fair value adj. of the biomass	71 275	69 994	7 1 2 6	32 628	181 023
Operating profit	804 912	281 243	73 898	-6 239	1 153 813
Share of profit/loss from associa	ites -	-	-	147 365	147 365
Net financial items	-31 230	-7 494	-1 891	221	-40 394
Profit before tax	773 682	273 750	72 006	141 348	1 260 785
Tax	204 576	77 344	19 937	810	302 667
Net profit for the year	569 106	196 406	52 070	140 538	958 118
Assets	2 903 982	1 077 618	967 581	883 690	5 832 871
- Investments in associates	23 498	-	-	843 311	866 809
Liabilities	2 653 030	346 102	306 665	57 707	3 363 505
Investments					
- Tangible operating assets	286 041	24 440	128 655	0	439 136
- Intangible operating assets	9316	0	563 692	0	573 008
Depreciation	64 415	20 248	8 402	896	93 962

2009 NOK 1000	Central Norway	Northern Norway	Other / eliminations	Group
External operating revenues	2 200 581	-	176 724	2 377 305
Internal operating revenues	137 056	401 664	-538 720	-
TOTAL operating revenues	2 337 637	401 664	-361 996	2 377 305
Depreciation	50 414	15 616	548	66 578
Write-downs	6 600	-	5 000	11 600
Operating expenses	1 773 507	299 750	-358 889	1 714 368
Operating profit bef. fair v. adj.	507 116	86 298	-8 655	584 759
Fair value adj. of the biomass	11 372	-15 996	-	-4 624
Operating profit	518 488	70 302	-8 655	580 135
Share of profit/loss from associates	-	-	56 769	56 769
Net financial items	6 647	-9 471	23	-2 801
Profit before tax	525 135	60 831	48 136	634 102
Tax	146 467	17 038	-288	163 217
Net profit for the year	378 668	43 793	48 424	470 885
	2 210 146	026.1.42	204.046	2.550.226
Assets	2 310 146	936 143	304 046	3 550 336
- Investments in associates	22 772	-	245 736	268 508
Liabilities	1 378 444	415 760	56 327	1 850 531
Investments				
- Tangible operating assets	187 361	39 766	0	227 127
- Intangible operating assets	35 527	0	0	35 527
Depreciation	50 414	15616	548	66 578

NOTE 4 • INTANGIBLE ASSETS

NOK 1000	Licences	Goodwill	Other intangible assets	Total
A	914 116	215 222	0	1 120 420
Acquisition cost 1 Jan 09		215 322	<u> </u>	1 129 438
Additions	24 000	8 527	3 000	35 527
Disposals	0	0	0	1164065
Acquisition cost 31 Dec 09	938 116	223 848	3 000	1 164 965
Additions	5 000	0	0	5 000
Proprietary	0	101.541	4 3 1 6	4 3 1 6
Additions subsidiaries	432 151	101 541	30 000	563 692
Disposals Assuration seet 21 Dec 10	0 1 375 268	0 325 389	<u> </u>	<u> </u>
Acquisition cost 31 Dec10	13/5208		3/316	18390
Acc. dep. & write-downs 1 Jan 09	0	18 390	_	
Year's depreciation	9	0	200	200
Year's write-downs	5 000	0	0	5 000
Reversed depreciation	0	10,200		0
Acc. dep. & write-downs 31 Dec 09	5 000	18 390	200	23 590
Year's depreciation	0	0	900	900
Year's write-downs	0	0	0	0
Reversed depreciation before 1 Jan 05	0	0	0	0
Acc. dep. & write-downs 31 Dec10	5 000	18 390	1 100	24 490
of which acc. write-downs at 31 Dec10	0	0	0	0
Book value 31 Dec 10	1 370 268	306 999	0	1 713 482
Book value 31 Dec 09	933 116	205 458	2 800	1 141 374
Book value 1 Jan 09	914 116	196 932	0	1 111 048
Economic Life	Unlimited	Unlimited	5-50 years	
Depreciation plan			straight-line	

The carrying amount relating to the broodstock license in segment North was written down to 0 in 2009 after the brood-concession had to be returned at the end of 2009/2010.

Salmon farming licences NOK 1000	No. of licences	Acquisition cost	Book value 31.12.10
Northern Norway	13	409 620	404 620
Central Norway	43	533 496	533 496
Rauma	10	432 151	432 151
	66	1 375 268	1 370 268

The Group has joint operating agreements linked to 7 licences.

Goodwill NOK 1000	Acquisition year	Acquisition cost	Book value 31.12.10
Northern Norway	2006	95 114	95 114
Central Norway	1999-2009	116 811	110 344
Rauma	2010	101 541	101 541
		313 466	306 999

Following the implementation of IFRS goodwill is no longer depreciated, but is assessed for impairment annually, or more frequently if there are indications that a write-down may be necessary. The difference between acquisition cost and the book value of goodwill is due to the depreciation of goodwill before the implementation of IFRS.

Other acquired goodwill, which was written down to NOK 0 before 2005, has an acquisition cost of NOK 14,505,420.

Impairment test

On acquisition goodwill and intangible assets are assigned to the cash-flow generating entities within the Group to which they are associated.

The book value of the cash-flow generating entities is tested for impairment annually, or more frequently if there are indications that a write-down may be necessary. The estimated value in use is employed to calculate the recoverable value. A write-down is performed if the book value is lower than the recoverable value.

Future net cash flows are estimated on the basis of the Group's budget and forecasts for the next three years. No growth is assumed when calculating the terminal value, ie growth is stipulated at expected rate of inflation. Value in use is calculated on the basis of a 8.1% return on investment. As with all estimates, cash flow forecasts are sensitive to changes in underlying assumptions.

Estimated value in use will be affected most strongly by the following assumptions:

- Discount rate
- Salmon price
- Production costs
- Future output levels

Discount rate: the discount rate used reflects management's estimate of the risk specified for each cashflow generating entity. The discount rate is set using the 3-year government bond rate in effect at the time of the assessment. The discount rate is before tax.

Salmon price: the price of salmon is estimated on the basis of actual prices achieved over time in those markets in which the fish is sold, and lies within the interval NOK 27-35 per kg gutted salmon.

Production costs: production costs are estimated on the basis of historical figures, known changes taken into account.

Future output levels: future output levels are estimated on the basis of current production, adjusted for expected increases in future output given current licences.

The assessment is based on a comparison of the present value of estimated future cash flows and book value of each cash-flow generating entity. Sensitivity analyses are also carried out to assess estimated present values by looking at the change in salmon prices, production costs and discount rates. The Group continuously monitors its financial performance with respect to the long-term assumptions used to determine whether the assumptions in the basic model are still valid.

The impairment test resulted in no requirement to write down the book value of fish farming licences and goodwill as at 31 December 2010.

NOTE 5 • PROPERTY, PLANT & EQUIPMENT

NOK 1000	Land, buildings and other real property	Plant, operating equipment & consumable, etc	Vessels & other operating assets	Total	of which leased operating assets
Acquisition cost 1 Jan 09	112 096	546 994	43 779	702 869	129 629
Additions	39 822	186 600	705	227 127	26 138
Additions subsidiaries	0	1 465	0	1 465	0
Disposals	598	41 506	1 027	43 131	0
Acquisition cost 31 Dec 09	151 320	693 553	43 457	888 330	155 767
Additions	70 428	235 653	1814	307 895	16 258
Additions subsidiaries	19857	79 541	31 843	131 240	38 447
Disposals	0	4 409	699	5 107	1 177
Acquisition cost 31 Dec 10	241 604	1 004 339	76 415	1 322 358	209 295
Acc.dep.&write-downs 1 an 09	45 232	227 147	14 405	286 785	39 042
Acc. dep. acquired subsidiaries	0	771	0	771	0
Year's depreciation 2009	8 035	55 057	3 286	66 378	12 805
Year's write-downs	0	6 600	0	6 600	0
Reversed depreciation	4 572	0	918	5 489	0
Acc.dep.&write-downs 31 Dec 09	48 696	289 575	16 773	355 044	51 847
Acc. dep. acquired subsidiaries	0	0	0	0	0
Year's depreciation 2010	13 544	76 378	4 040	93 962	17 507
Year's write-downs	0	1 668	0	1 668	0
Reversed depreciation	0	0	349	349	0
Acc.dep.&write-downs 31 Dec10	62 240	367 620	20 464	450 324	69 354
of which acc. dep. at 31 Dec 10	0	0	0	0	0
Book value 31 Dec 10	179 364	636 720	55 951	872 034	139 941
Book value 31 Dec 09	102 624	403 978	26 684	533 286	103 919
Book value 1 Jan 09	66 864	319 847	29 374	416 085	90 587
Gain/loss sale non-current assets	0	302	-20	282	
ann. rental non-cap. op. assets	23 661	4 2 1 5	410	28 286	
Capitalized interest	0	4 195	0	0	
Economic life	0-20 years	3-10 years	5-15 years		
Depreciation plan	straight-line	straight-line	straight-line		

Capitalised leasing liabilities as at 31 Dec 10 totalled NOK 108.606.859.



NOTE 6 • SUBSIDIARIES, ASSOCIATES, ETC

NOK 1000 Company	Consolidated (yes/no)	Registered office	Voting share/ shareholding	Book value in SalMar ASA
S-IM S-++-fiel- AS (ferres ed), S-III	VCC	I/	100.0/	27.000
SalMar Settefisk AS (formerly Follasmolt AS)	YES	Kverva	100 %	27 658
- Langsteinfisk AS- Straumsnes Settefisk AS	YES YES	Kverva Kverva	60 % 100 %	0
- Straumsnes Settensk AS SalMar Farming AS	YES	kverva Kverva	100 %	0 85 492
- Reistad Eiendom AS	NO NO	Ørskog	100 %	
- Rauma Gruppen AS	YES	Ørskog	75,5 %	0
- Rauma Stamfisk AS	YES	Ørskog	75,5 % 75,5 %	0
- Rauma Sætre AS	YES	Ørskog	75,5 % 75,5 %	0
- Rauma Fik AS	YES	Ørskog	75,5 % 75,5 %	0
- Rauma Misund AS	YES	Ørskog	75,5 % 75,5 %	0
- Vikenco AS	YES	Aukra	51,0 %	0
- Marius Eikremsvik AS	YES	Skodje	100 %	0
- AS Stettefisk	YES	Skodje	100 %	C
- Fjord Salmon AS	YES	Kverva	100 %	
SalMar Nord AS	YES	Senja	100 %	315 342
- Troms Stamfiskstasjon AS	YES	Senja	100 %	0.00
SalMar Processing AS	YES	Kverva	100 %	75 515
SalMar Sales AS (formerly Volstad Seafood AS		Kverva	100 %	32 423
Astamarin AS	YES	Kverva	100 %	5 015
SalMar Japan KK	YES	Tokyo / Japan	100 %	C
SalMar-Tunet AS	YES	Kverva	100 %	7 071
TOTAL subsidiaries				548 515
Norskott Havbruk AS	NO	Bergen	50 %	162 787
Bakkafrost PF	NO	Glyvrar	23,3 %	533 406
Nordskag Næringspark AS	NO	Kverva	42,5 %	23 375
Trøndersk Kystkompetanse AS	NO	Dyrvik	20 %	103
TOTAL associates				719 671

Acquisition of subsidiaries in 2010

The figures used in the analysis of excess value are partly based on best estimates and experience, and the underlying assumptions are verified through operations in the subsequent period. Thus, the analyses of excess value must be seen as provisional under IFRS 3.

The following material acquisitions were made during the year. All company acquisitions are recognised in accordance with the acquisition method.

NOK 1000	Acquisition date	Acquisition cost
Rauma Gruppen (75,5%)	08.07.2010	312 589
Marius Eikremsvik AS / AS Stettefisk (100%)	11.11.2010	110 000

Rauma Gruppen is an integrated producer of salmon, controlling the entire value chain from roe to fillets. In 2009 the Group generated sales revenues of NOK 366,200,000, and a net profit of NOK 16,900,000. Marius Eikremsvik AS / AS Stettefisk has two fish farming licences.

The acquisitions have been financed through withdrawals from the long-term borrowing facility. An analysis of excess value is presented below.

The acquisitions' effect on the balance sheet was as follows:	Rauma- Gruppen book	Rauma- Gruppen fair	Marius Eikremsvik AS book	Marius Eikremsvik AS fair
NOK 1000	value	value	value	value
Intangible assets	146 589	370 809	8 000	91 342
Property, plant & equipment	109 067	112513	3 379	5 761
Financial assets	525	525	-	-
Current assets	195 689	195 689	21 936	21 936
Liabilities	-68 240	-131 987	-2 701	-26 703
Interest-bearing debt	-152 363	-152 363	-	-
Other current liabilities	-55 005	-55 005	-5 672	-5 672
Net identifiable assets and liabilities	176 262	340 181	24 943	86 664
Goodwill from acquisition		78 205		23 336
Addition non-controlling interest		105 797		

Goodwill comprises deferred tax on licences, as well as expected synergies relating to smolt and the harvesting/processing business. The analysis of excess value is provisionally based on uncertain values ascribed to specific acquired assets. Following its acquisition, Rauma Gruppen caused a net change in operating profit before fair value adjustment of the biomass of NOK 30,100,000, and a net change in sales revenues of NOK 257,200,000. Marius Eikremsvik has not had any impact on profits during the period.

After the end of this years accounting period, the Group has acquired 100% shareholding in Krifo Havbruk AS, and signed an agreement to acquire 100% stake in Bringsvor Laks AS. The purchase of shares in Krifo Havbruk will in light of the accounting be treated as purchases of individual assets. There is insufficient information to make a complete value-added analysis of the acquisition of Bringsvor Laks AS at the time of preparation of the annual report.

Acquisition of subsidiaries in 2009

During 2009 the SalMar Group acquired the remaining shares in Volstad Seafood AS (now SalMar Sales AS) and consolidated these from the month of takeover. The takeover came into effect on 1 December 2009. The acquisition cost totalled NOK 7,866,000. Volstad Seafood AS (now SalMar Sales AS) is engaged in the sale/trading of mainly salmon and whitefish from Norway, focusing primarily on the Asian markets and the USA. In 2009 the company generated sales revenues of NOK 547,000,000 and made an operating profit of NOK 5,000,000. An analysis of excess value is presented below.

The acquisition's effect on the balance sheet was as follows:	Volstad Seafood AS book value	Volstad Seafood AS fair value
Intangible assets	81	8 608
Property, plant & equipment	724	724
Financial assets	-	-
Current assets	84 977	84 977
Liabilities	-	-
Interest-bearing debt	-9 204	-9 204
Other current liabilities	-71 001	-71 001
Net identifiable assets and liabilities	5 577	14 104
Goodwill from acquisition		8 527

Following its acquisition, Volstad Seafood AS caused a net change in operating profit before fair value adjustment of the biomass in 2009 of NOK 1,000,000 and a net change in sales revenues of NOK 52,000,000.

Goodwill comprises post-acquisition synergies.

NOK 1000						
Companies recognised using	Norskott	Trøndersk Kyst-	Nordskag	511.6	TOTAL	
the equity method	Havbruk AS	kompetanse	Næringspark	Bakkafrost	TOTAL	
Type of company	AS	AS	AS	AS		
Original acquisition cost	162 826	103	23 375	533 406	719710	
Share of capitalised equity at acquisition	162 826	100	23 375	200 101	386 402	
Attributable excess value	0	0	0	319 395	319 395	
Goodwill	0	0	0	13 910	13 910	
Opening balance 1 Jan 10	245 738	103	22 669	0	268 508	
- of which undep. excess value	0	0	0	0	0	
- of which undep. goodwill	0	0	0	0	0	
Purchase of shares / investments	0	0	0	533 406	533 406	
Share of profit/loss	117 738	0	726	28 901	147 365	
Depreciation of goodwill	0	0	0	0	0	
Items of comprehensive income	-5 239	0	0	-22 307	-27 546	
Items taken directly to equity	0	0	0	158	158	
Sale of assets	0	0	0	0	0	
Gains from downstream sales	0	0	0	0	0	
Dividend received	-55 082	0	0	0	-55 082	
Closing balance 31 Dec 10	303 154	103	23 395	540 158	866 809	

The associate Bakkafrost PF is a listed company and its share price is therefore publicly quoted. None of the other associates have listed share prices. Revenues from associates are recognised on a separate line in the income statement as the Group's share of net profit/loss. The table below shows key figures for material investments which were still held at the close of the year.

	Operating	Total assets	Total liabilities	Net profit for
	revenues 2010	31.12.2010	31.12.10	2010
Norskott Havbruk	1 026 812	1 145 330	539 054	235 476
Bakkafrost	881 664	1 241 519	295 920	279 168
Nordskag Næringspark AS	9114	291 403	234 671	1 708











NOTE 7 • FINANCIAL INSTRUMENTS BY CATEGORY

The following principles for subsequent measurement of the financial instruments has been applied to all financial instruments in the balance sheet.

NOK 1000

As at 31 Dec 2010 Assets	Loans and receivables	Assets at fair value in profit & loss	Derivatives used for hedging purposes	Available for sale	TOTAL
Financial assets available for sale	-	-	-	1 426	1 426
Derivatives	-	27 355	-	-	27 355
Trade & other receivables	495 791	-	-	-	495 791
Financial assets at fair value					
in profit & loss	-	-	-	-	-
Cash & cash equivalents	107 062	-	-	-	107 062
TOTAL	602 853	27 355	-	1 426	631 635

As at 31 Dec 2010 Liabilities	Liabilities at fair value in profit & loss	Derivatives used for hedging purposes	Other financial liabilities at amortised cost	TOTAL
Borrowings	-	-	1 811 998	1811998
Financial leasing contracts	-	-	108 607	108 607
Derivatives	-	-	-	-
Trade and other payables, ex.				
statutory liabilities	-	-	457 887	457 887
TOTAL	-	-	2 378 492	2 378 492

As at 31 Dec 2009 Assets	Loans and receivables	Assets at fair value in profit & loss	Derivatives used for hedging purposes	Available for sale	TOTAL
Financial assets available for sale	-	-	-	1 025	1 025
Derivatives	-	7 784	1 669	-	9 452
Trade receivables & other receivab	les 306 199	-	-	-	306 199
Financial assets at fair value					
in profit & loss	-	-	-	-	-
Cash & cash equivalents	148 424	-	-	-	148 424
TOTAL	454 623	7 784	1 669	1 025	465 101

	Liabilities at D	erivatives used	Other financial	
As at 31 Dec 2009 Liabilities	fair value in profit & loss	for hedging purposes	liabilities at amortised cost	TOTAL
Borrowings	-	-	864 145	864 145
Financial leasing contracts	-	-	68 070	68 070
Derivatives	-	-	-	-
Trade and other payables, ex. statutory liabilities	-	-	248 021	248 021
TOTAL	-	-	1 180 235	1 180 235

NOTE 8 • FINANCIAL ASSETS AVAILABLE FOR SALE

Shares in other companies		Book value	Book value
NOK 1000	Shareholding	2010	2009
I.B.F AS	30,30 %*	46	46
Akva Kompetanse AS	33,40 %*	175	175
Wibstad Transport AS	10,57 %	117	117
Senja Fiskehelsetjeneste AS	40,90 %*	95	95
AquaGen AS	0,66 %	281	281
Aqua Service AS	25,00 %*	203	203
Romsdal Processing AS	3,33 %	300	0
Other shares		211	110
TOTAL		1 426	1 025

Shares in other companies are classified as available for sale. Investments in other shares are measured at cost since fair value cannot be reliably measured.

NOTE 9 • DERIVATIVES

Currency forwards

The table below shows the company's forward currency contracts as at 31 Dec 2010. All contracts relate to the sale of foreign currencies against NOK. Forward contracts are entered into to maximise coverage of the foreign exchange risk on outstanding trade receivables and sales contracts. Forward currency contracts are recognised at fair value in the balance sheet.

						fair value
Product	Туре	Currency	Amout	Term	Rate interval	TNOK
Forward	Sale	EUR	6 574	Q1 2011	7,922-8,2212	1 637
Forward	Sale	JPY	577 665	Q1 2011 - Q2 2011	0,067-0,073	-1 238
Forward	Sale	GBP	1 467	Q1 2011 - Q4 2011	9,148-9,666	835
Forward	Sale	USD	69 763	Q1 2011 - Q1 2012	5,79-6,42	20 049
TOTAL						21 283

Financial sales contracts fish (Fish Pool contracts)

It's entered financial sales contracts (derivatives) for fish at Fish Pool. The derivatives are measured at fair by the result. The contracts are settled in 2011. The fair value of the contracts (unrealized gains) are estimated at TNOK 6,073 from the marked price at the end of the period.

^{*} Not treated as an associate on the basis of materiality.

NOTE 10 • RECEIVABLES, PROVISIONS FOR BAD DEBTS

The Group's receivables are valued at amortised cost. Receivables in foreign currencies are valued at the daily rate.

NOK 1000	2010	2009
Trade receivables	411 112	252 891
Provisions for bad debts	-1 405	-736
Other short-term receivables	136 266	73 163
Parent company receivables	0	84
Other long-term receivables	16 177	17 623
Total	562 150	343 024
Prepaid costs included under "Other short-term receivables"	39 004	36 825
Derivatives included under "Other short-term receivables"	27 355	7 784
VAT refunds included under "Other short-term receivables"	17 511	34 966
Receiv. falling due more than 1 year hence included under "Other long-term receiv."	11 940	11610
Pension fund assets included under "Other long-term receivables"	3 901	4719

Bad debts are classified as other operating costs in the income statement.

The change in provisions for bad debts breaks down as follows:

NOK 1000	2010	2009
Opening balance	736	1 086
Provisions for bad debts	369	200
Actual bad debts	0	-130
Reversal of previous provisions	-94	-700
Change in provisions for bad debts due to acquisition/sale of businesses	394	150
Closing balance	1 405	736

Credit and foreign exchange risks relating to trade receivables are discussed in more detail in Note 2.

As at 31 Dec the company had the following due but as yet unpaid trade receivables:

NOK 1000	Total	Not due	<30 d	30-45d	45-90d	>90d
2010	411 112	314 388	71 930	10 564	11 945	2 285
2009	252 891	217 079	29 609	3 102	493	2 608

NOTE 11 • INVENTORY AND BIOLOGICAL ASSETS

NOK 1000	2010	2009
Raw materials	54 368	26 050
Goods in progress (entirely biological assets)	1 580 934	1 011 518
Finished goods	74 605	77 126
TOTAL	1 709 907	1 114 694

Raw materials consist largely of feed for smolt and farmed fish. In addition, it includes raw materials used in processing as well as packaging. Stocks of biological assets are associated with SalMar's fish farming activities on land and in the sea. Finished goods comprise fresh and frozen whole salmon, as well as processed salmon products.

Biological assets in more detail

The way live fish are accounted for is governed by IAS 41 Agriculture. IAS 41 contains a method hierarchy for the valuation of biological assets for accounting purposes. The prime rule is that such assets shall be reported at fair value.

Fish in the sea (the biomass) with a live weight exceeding 4 kg on the balance sheet date are valued in the same way as fish that could be ready for harvesting. For fish weighing more than 4 kg live weight there is an active market for harvested salmon. This portion of the biomass is considered to be an asset of the same type as harvestable fish. Fair value of the biomass is calculated using the market price on the balance sheet date for the weight

category concerned, adjusted for sales costs including harvesting costs and wastage. Adjustments are made in the market price for quality differences.

SalMar is of the opinion that an active market for fish which are not harvestable, ie fish in the sea with a live weight of less than 4 kg, does not exist. This fish is not ready for commercial harvesting. For this reason the fair value of unharvestable fish is calculated using the fair value of harvestable fish on the balance sheet date, adjusted for sales costs. Further adjustments are made to reflect the fact that the fish in their current state are not harvestable. This adjustment is made on the basis of the fish's relative size compared with harvestable fish. If fair value adjustments bring the value of the fish below self-cost, the biomass is valued at self-cost, unless a write-down is needed (subsequent growth and sale is not expected to meet production costs). Write-downs are performed if the actual net sales price is lower than accumulated cost price. Smolt are valued at self-cost.

NOK 1000	2010	2009
Biological assets 1 Jan	1 011 518	971 454
Increase due to production/purchase	1 753 852	1 462 118
Increase due to acquisitions	116 183	0
Reduction due to sale/harvesting	-1 479 860	-1 416 774
Fair value adjustment 1 Jan (reversed)	-212 174	-217 454
Fair value adjustment 31 Dec (new)	391 416	212 174
Biological assets 31 Dec	1 580 934	1 011 518
Biomass fish < 4 kg live weight (tonnes)	31 740	25 710
Biomass fish > 4 kg live weight (tonnes)	21 683	17018
Change in fair value fish < 4 kg live weight (NOK 1 000)	113 826	73 492
Change in fair value fish > 4 kg live weight (NOK 1 000)	277 590	138 682
TOTAL change in fair value of biological assets (NOK 1 000)	391 416	212 174
Cost price biological assets (NOK 1 000)	1 189 518	799 344
Book value of biological assets (NOK1 000)	1 580 934	1 011 518

NOTE 12 • BANK DEPOSITS

As at 31 Dec 2010 the item Bank deposits, cash & cash equivalents included NOK 27,320,000 in restricted employees' tax deductions. The corresponding figure for 2009 was NOK 14,162,000.

NOTE 13 • SHARE CAPITAL AND SHAREHOLDERS

As at 31 Dec 2010 the parent company's share capital comprised:

NOK 1000	No. of shares	Face value	Book value
Ordinary shares	103 000 000	0,25	25 750

Ownership structure

As at 31 Dec 2010 the company's 20 largest shareholders were:

	No. of shares	Shareholding	Voting share
Kverva AS	55 000 000	53,40 %	54,13 %
Folketrygdfondet	8 287 826	8,05 %	8,16 %
JPMorgan Chase Bank	6 740 800	6,54 %	6,63 %
Pareto Aksje Norge	5 012 044	4,87 %	4,93 %
Odin Norge	4 297 042	4,17 %	4,23 %
LIN AS	2 500 000	2,43 %	2,46 %
Pareto Aktiv	2 296 937	2,23 %	2,26 %
Odin Norden	2 288 178	2,22 %	2,25 %
SalMar ASA	1 400 000	1,36 %	0,00 %
Pareto Verdi VPF	1 035 509	1,01 %	1,02 %
Vital Forsikring ASA	812919	0,79 %	0,80 %
Holberg Norge	633 300	0,61 %	0,62 %
DnB NOR Norge (IV) VPF	523 522	0,51 %	0,52 %
Centra Klaveness	500 885	0,49 %	0,49 %
Forsvarets personell	433 400	0,42 %	0,43 %
Holberg Norden	406 228	0,39 %	0,40 %
Storebrand Verdi	274 353	0,27 %	0,27 %
KLP Aksje Norge Indeks	270 735	0,26 %	0,27 %
Odin Norge II	263 320	0,26 %	0,26 %
Avanse Norge (II)	252 549	0,25 %	0,25 %
Total 20 largest shareholders	93 229 547	90,51 %	90,38 %
Total other shareholders	9 770 453	9,49 %	9,62 %
Total shareholders	103 000 000	100,00 %	100,00 %

Shares owned by board members and the CEO:

Name	Office	No. of shares	Shareholding	Voting share
Bjørn Flatgård *	Chair	2 052 411	1,99 %	2,02 %
Gustav Witzøe **	Director	52 947 589	51,41 %	52,11 %
Synnøve G. Ervik	Director	5 000	0,00%	0,00%
Leif Inge Nordhammer ***	CEO	2 500 000	2,43 %	2,46 %

^{*} indirect ownership through the family-owned company GloMar AS, which owns shares in the Kverva Group. Own shares in Kverva AS taken into consideration.

The board has been granted two authorisations to raise the share capital by up to NOK 3,575,000 by issuing up to 14,300,000 shares. The board's authorisation is valid until the 2011 AGM, or 30 June 2011 at the latest. The board is further authorised to buy back the company's own shares to a face value totalling NOK 2,214,500. The board's authorisation is valid until the 2011 AGM, or 30 June 2011 at the latest.

Dividend

The board has proposed a dividend of NOK 4.00 per share. If the AGM approves the proposed dividend, this will result in a total payout of NOK 406,400,000. The proposed dividend has not been recognised as a liability as at 31 December 2010.

^{**} indirect ownership through the Kverva Group's parent company; includes shares owned by companies controlled by closely related parties. Own shares in Kverva As taken into consideration.

^{***} indirect ownership through LIN AS.

NOK 1000		
Long-term interest-bearing debt	2010	2009
Debt to credit institutions	1 807 804	779 171
Next year's instalments on long-term debt	-47 238	-33 100
Leasing liabilities	108 607	68 070
Other long-term debt	0	0
Total long-term interest-bearing debt at 31 Dec	1 869 174	814 141
Short-term interest-bearing debt		
Debt to credit institutions	4 193	84 973
Debt to parent company (Kverva AS)		
Next year's instalments on long-term debt	47 238	33 100
Total short-term interest-bearing debt at 31 Dec	51 431	118 073
Total interest-bearing debt	1 920 605	932 214
Cash & cash equivalents	107 062	148 424
Net interest-bearing debt	1 813 542	783 790

Interest-bearing debt in more detail

SalMar ASA's main source of financing is a framework loan agreement of up to NOK 1,417 million, which was established in 2006/2008. As at 31 December 2010, NOK 1,082 million had been drawn on this facility. The loan agreement is divided into four tranches. Tranche A, with a balance of NOK 170 million, is interest-only and matures in three years. As at 31 December 2010 no amount had been drawn on Tranche B, a NOK 200 million revolving credit facility. Tranche C, with a balance of NOK 90 million, is repayable over seven years. Tranche D, with a balance of NOK 740 million, has a 20-year instalment profile with final maturity in three years. Instalments are paid quarterly. Interest terms are based on so-called "current terms" relating to NIBOR and a margin depending on the ratio between the Group's EBITDA and NIBD. This financing covers all companies within the SalMar Central Norway segment, with the exception of SalMar Sales AS which became a wholly owned subsidiary with effect from 1 December 2009.

The SalMar Nord Group has its own financing scheme. During 2007/2008 a new main source of financing for SalMar Nord was established, with a total borrowing framework of NOK 528 million. The financing scheme is divided into two tranches, of which NOK 200 million (NOK 4,193,000 drawn) is a group credit agreement and NOK 300 million (154 million drawn) is a revolving credit facility. In addition, SalMar Nord AS has long-term debt totalling NOK 17 million. Interest terms are set quarterly and are based on so-called "current terms" relating to NIBOR and a margin.

In connection with the acquisition of 23.29 per cent of Bakkafrost PF, SalMar ASA borrowed 540 million in October 2010. The loan has a term of 18 months. Interest terms are based on so-called "current terms" relating to NIBOR and a margin.

Estimated annual instalments on leasing liabilities amount to TNOK 25.778. Leasing agreements have an original term of 60-84 months.

Financial covenants

The most important financial covenants for the long-term financing of SalMar ASA are, respectively, a solvency requirement, which stipulates that the book value of the Group's equity ratio shall exceed 30% (down to 25% for a 12-month period), and a profitability requirement, which stipulates that the Group's interest-bearing debt to EBITDA ratio shall, on average, not exceed 4.5. The most important financial covenants for the long-term financing of SalMar Nord AS are, respectively, a solvency requirement, which stipulates that the book value of the Group's equity ratio shall exceed 25%, and a borrowing base equalling the sum of 80% of trade receivables and 70% of inventory.



NOTE 15 • DEFERRED TAX ASSETS, LIABILITIES AND TAX EXPENSES

NOK 1000		
The tax expense for the year breaks down as follows:	2010	2009
Tax payable	221 300	144 971
Change in deferred tax	86 392	18 441
Balance of deferred tax assets from the acquisition as a result of substantiation	-5 178	0
Shortfall/excess tax provisions	153	-195
Tax expense on ordinary profit	302 667	163 217
Tax payable in the balance sheet		
Tax payable	148 047	146 283
Tax paid abroad	0	-153
Change in tax payable in previous years	42	163
Tax payable in the balance sheet	148 088	146 293
Specification of temporary differences		
Intangible assets	1 157 549	720 513
Property, plant & equipment	46 245	36 691
Non-current financial assets	3 655	1 077
Inventory	1 571 774	1 014 705
Receivables	754	-2 267
Current liabilities	22 955	-584
Non-current liabilities	-2 665	-3 239
Gains/losses account	11 117	13 489
Losses carried forward	0	0
Unused share dividend payments	0	0
TOTAL temporary differences	2 811 384	1 780 386
Deferred tax liabilities (+) / assets (-)	787 188	498 508
Reconciliation from nominal to actual tax rate		
Profit before tax	1 260 785	634 103
Expected tax at nominal tax rate	353 020	177 549
Permanent differences (28%)	-50 506	-13 984
Shortfall/excess tax provisions	153	-195
Tax paid abroad	0	-153
Calculated tax expense	302 667	163 217
Effective tax rate	24,0 %	25,7 %









NOTE 16 • PENSION COSTS, ASSETS AND LIABILITIES

The company is obliged to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act, and has a pension scheme that fulfils the requirements of this legislation.

The Group switched from a defined-benefits pension scheme to a defined-contribution pension scheme in 2006. However, funds and liabilities relating to sick or disabled employees were retained. The defined-benefits scheme has 1 (1) remaining member. In addition, there are 10 (10) remaining pensioners in the defined-benefits scheme. The effect of the switch was posted to profit and loss in 2006. Certain companies within the Group also operate

NOK 1000

an early retirement scheme (AFP) for their employees. 620 (470) employees are covered by the AFP scheme. Liabilities with respect to this scheme are not included in the Group's overall pension calculations.

Premiums paid in connection with the defined-contribution scheme are charged to expenses as they accrue. NOK 8,283,000 gross was charged to expenses in connection with the defined contribution pension scheme in 2010 (NOK 5,730,000 in 2009).

2010

2009

Present value of the year's pension actruals 18 856 Interest expense on pension liabilities 343 493 493 825 1412 389 825 500 644 644 645	IVUN TUUU		2010	2009
Liabilities assumed in connection with acquisitions 0 0 Accrued employers' national insurance contributions 50 211 Unrecognised effect of differences in estimates 61 4155 Net pension liabilities 6716 940 7657 Accrued pension liabilities 6716 940 7657 Pension fund assets (fair value) 7717 0 7717 Accrued employers' national insurance contributions 0 50 50 Unrecognised effect of differences in estimates -652 725 72 Net pension liabilities 6799 3830 10628 Pension fund assets (fair value) 7 334 0 7 334 Accrued pension liabilities 6799 3830 10628 Pension fund assets (fair value) 7 334 0 7 334 Accrued employers' national insurance contributions 0 211 211 Unrecognised effect of differences in estimates -1 094 1 744 650 Net pension liabilities -1 629 *) 5 784 4 155 *)	Interest expense on pension liabilities Return on pension assets Expenses Accrued employers' national insurance contributions Recognised losses/(gains) on estimates Recognised plan changes Net pension cost after employers' national insurance contribu Accrued pension liabilities	tions	343 412 50 13 -825 -1 981 -2 794	493 389 64 66 134 0 1 224
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Pension fund assets (fair value) 7 334 0 7334 Accrued employers' national insurance contributions 0 211 211 Unrecognised effect of differences in estimates -1 094 1 744 650 Net pension liabilities -1 629*) 5 784 4 155 *) Deviations from book value are ascribable to capitalised contribution fund Pensions paid already taken into account in the liability above 888 642 Investments in pension fund assets already taken into account in the liability above 122 184 Financial assumptions: 2010 2009 Discount rate 3,50 % 4,50 % Expected salary adjustment 3,5-3,75% 4,0-4,25% Expected pension adjustment of National Insurance Scheme's basic unit (G) 3,75 % 4,00 % Expected return on pension fund assets 4,50 % 5,50 % Expected take-up rate AFP 0,00 % 30,00 %		C 700	2,020	10.620
Pensions paid already taken into account in the liability above Investments in pension fund assets already taken into account in the liability above 122 184 Financial assumptions: 2010 2009 Discount rate 3,50 % 4,50 % Expected salary adjustment 3,5-3,75% 4,0-4,25% Expected pension adjustment 1,00 % 2,00 % Expected adjustment of National Insurance Scheme's basic unit (G) 3,75 % 4,00 % Expected return on pension fund assets 4,50 % 5,50 % Expected take-up rate AFP	Pension fund assets (fair value) Accrued employers' national insurance contributions Unrecognised effect of differences in estimates	7 334 0 -1 094	0 211 1 744	7 334 211 650
Financial assumptions:20102009Discount rate3,50 %4,50 %Expected salary adjustment3,5-3,75%4,0-4,25%Expected pension adjustment1,00 %2,00 %Expected adjustment of National Insurance Scheme's basic unit (G)3,75 %4,00 %Expected return on pension fund assets4,50 %5,50 %Expected take-up rate AFP0,00 %30,00 %	*) Deviations from book value are ascribable to capitalised contribu	ution fund		
Discount rate 3,50 % 4,50 % Expected salary adjustment 3,5-3,75% 4,0-4,25% Expected pension adjustment 1,00 % 2,00 % Expected adjustment of National Insurance Scheme's basic unit (G) 3,75 % 4,00 % Expected return on pension fund assets 4,50 % 5,50 % Expected take-up rate AFP 0,00 % 30,00 %		the liability above		
Expected salary adjustment3,5-3,75%4,0-4,25%Expected pension adjustment1,00 %2,00 %Expected adjustment of National Insurance Scheme's basic unit (G)3,75 %4,00 %Expected return on pension fund assets4,50 %5,50 %Expected take-up rate AFP0,00 %30,00 %	Financial assumptions:		2010	2009
	Expected salary adjustment Expected pension adjustment Expected adjustment of National Insurance Scheme's basic unit (G Expected return on pension fund assets Expected take-up rate AFP	i)	3,5-3,75% 1,00 % 3,75 % 4,50 % 0,00 %	4,0-4,25% 2,00 % 4,00 % 5,50 % 30,00 %

NOTE 17 • LIENS AND GUARANTEES, ETC

NOK 1000

Recognised debt secured through liens, etc:	2010	2009
Short-term debt to credit institutions	4 193	84 973
Long-term debt to credit institutions	1 807 804	779 171
Other long-term debt	108 607	68 070
Total	1 920 605	932 214
Book value of assets pledged as security for recognised debt	2010	7000
		2009
Tangihle and intangihle assets	2 242 303	
Tangible and intangible assets Shares	2 242 303 0	1 469 203
	2 242 303 0 1 709 907	1 469 203
Shares	0	1 469 203

Leasing liabilities account for NOK 108,607,000 of capitalised long-term liabilities.

SalMar ASA stands surety for a total of NOK 17,000,000 with respect to a credit facility granted by Elcon Finans AS to SalMar Processing AS.

SalMar ASA has issued a guarantee for NOK 5,000,000 to Nord-Trøndelag E-verk on behalf of SalMar Settefisk AS. The guarantee agreement was entered into 1 January 2004 and is reduced by NOK 250,000 per year. As at 31 December 2010 the remaining amount guaranteed totalled NOK 3,250,000.

SalMar ASA has issued guarantees to SalMar Nord AS's lenders that SalMar ASA will inject whatever equity may be necessary to ensure that SalMar Nord AS is at all times able to maintain an equity ratio of at least 25 per cent.

In connection with the financing of the subsidiary Sal-Mar Sales AS, SalMar ASA has issued a guarantee to the company's lenders in the amount of NOK 27,000,000. SalMar ASA has further issued a guarantee for NOK 10,000,000 in connection with unused credit facilities granted to the subsidiary SalMar Japan K.K.

NOTE 18 • OTHER OFF-BALANCE SHEET LIABILITIES

Operational leasing agreements

The Group has entered into agreements for the lease of premises. These agreements are based primarily on investment cost, floor space (m2) and interest rates. Under its contract with the Industrial Development Corporation of Norway (SIVA), the Group has a preferential right to sign a new contract for two further five-year leasing periods at market rates. The contract expires 1 July 2012. An option to purchase is associated with this agreement. A leasing contract has also been entered into with Wessel Invest AS, with the right to a 10-year extension at the same terms. The contract relates to the lease of the Kjørsvik Settefisk facility, and includes the lease of water rights. This contract expires 1 January 2014.

In the event of a sale, the Group has the right of first refusal. Furthermore a leasing contract has been entered into with Nordskag Næringspark AS in connection with the InnovaMar processing plant, which was partially taken over in 2010 and will be completed in 2011. The lease has a term of 15 years from takeover, with an option for the lessee to renew the lease for an additional 5 + 5 years. The lessee may terminate the contract before its expiry upon 12 months' notice being given. The final leasing amount will be fixed at the time of takeover, based on actual overall costs.

NOK 1000	< 1 year	2-5 years	> 5 years	Total
Total future leasing payments	34 921	131 013	391 587	557 521

NOTE 19 • OTHER CURRENT LIABILITIES

Other current liabilities comprise:

NOK 1000	2010	2009
Accrued holiday pay	28 868	20 841
Accrued costs	77 977	22 786
TOTAL other current liabilities	106 845	43 627

NOTE 20 • SALES REVENUES

Geographic breakdown of sales revenues by customer location

The bulk of the Group's sales revenues derive from the wholly owned subsidiaries SalMar Processing AS and SalMar Sales AS

	2010	2009
Asia	26 %	21 %
Russia	7 %	13 %
USA	7 %	2 %
Europe	60 %	64 %
TOTAL	100 %	100 %

NOTE 21 • SALARIES & PAYROLL COSTS, WORKFORCE, REMUNERATIONS, EMPLOYEE LOANS, ETC

Salary & payroll costs

NOK 1000	2010	2009
Salaries, inc. holiday pay and bonuses	271 241	235 112
Employers' national insurance contributions	18 474	14 076
Pension costs (see Note 16)	2 446	4 222
Options	5 660	4 895
Other benefits	15 470	7 211
Total	313 290	265 517

Number of people employed (full-time equivalent) in the financial year 568 547

The SalMar Group has a management team comprising the CEO, CFO and the leaders of the largest business areas.

		Bonus, inc.			
2010 NOK 1000		extraord.	Benefits	Accrued	Exercised
Senior management	Salary	bonus	in kind	pension costs	options
Leif Inge Nordhammer, CEO	1 863	0	9	27	0
Roar Husby,CFO	1 471	250	7	25	945
Bjørn Larsen, Mngr Farming	1 377	250	9	23	0
Gustav Witzøe, Business Devel.	993	0	163	18	0
Dag Nikolai Ryste,Mngr Sales	1 018	250	181	18	0
Roger Sørensen, Mngr Factory	1 033	250	7	22	0

		Bonus, inc.			
2009 NOK 1000		extraord.	Benefits	Accrued	Exercised
Senior management	Salary	bonus	in kind	pension costs	options
Leif Inge Nordhammer,CEO	1 533	0	9	46	0
Roar Husby, CFO	1 333	175	7	35	0
Bjørn Larsen, Mngr Farming	1 128	250	11	41	0
Gustav Witzøe, Business Devel.	1 065	0	156	49	0
Dag Nikolai Ryste, Mngr Sales *	912	0	177	16	0
Roger Sørensen, Mngr Factory **	109	0	0	0	0

^{*} whole year at Volstad Seafood AS.

The remuneration paid to the CEO and other senior executives at SalMar is based on the following main principles.

Basic salary

Basic salary is determined on the basis of the duties and responsibilities required of the position, as well as the expertise and length of service of the individual concerned. Salaries are intended to be competitive.

Annual bonus

The bonus shall be determined and paid on the basis of the level of the position concerned and the added value which the individual or group of individuals has generated.

Payment in kind

The company does not make payments in kind over and above that which is normal for senior executives in comparable companies.

Share-based incentive schemes

The company wishes to utilise forms of remuneration which result in senior executives receiving shares, subscription rights or options in accordance with a specified programme. No other forms of remuneration linked to shares or the development of the share

price is utilised by the company. The board may not waive the guidelines relative to this matter.

Pension schemes

Senior executives shall at all times have competitive pension schemes.

Notice of termination and severance pay

Senior executives have a basic period of notice of six months. In certain cases, and depending on the position concerned, salary may be paid for a period of 6-12 months after employment has been terminated.

Other variable elements in the remuneration package. The above notwithstanding, the company shall not offer senior executives variable elements in the remuneration package or specific benefits in addition to their basic salary.

A statement relating to the determination of salaries and other benefits to senior executives at SalMar ASA has been approved by the board. For further details, please see the chapter on Corporate Governance.

The board of directors NOK 1000

Directors' fees	2010	2009
Bjørn Flatgård, chair	280	240
Gustav Witzøe	90	85
Synnøve G. Ervik	180	170
Marit Rolseth (until May 2010)	75	170
Randi E. Reinertsen (elected May 2010)	105	0
Kjell A. Storeide	180	170
Bjørn Ivan Espnes, employee representative	90	85

The remuneration paid to the board of directors is not performance based.

^{**} joined the company November 2009.

Loans and guarantees to senior management and company directors

NOK 1000		Amount	Interest rate	Repayment plan
CEO	Loan	1 018	2,5 %	20 years

Loans and guarantees to employees

NOK 1000	Loans	Surety
Employees	2 799	_

Options:

In 2007 group management and nine other employees received a total of 2,100,000 options to purchase company shares. A further 1,505,000 options were granted to group management and 60 other employees in 2010. The CEO and directors do not have options. Group management has the following options:

Senior management	Options granted	Options exercised	No. of options CB	Average strike price A	Average term
Leif Inge Nordhammer, CEO	-	-	-	-	-
Roar Husby, CFO	210 000	50 000	160 000	49,5	2,5 yrs
Bjørn Larsen, Mngr Farming	435 000	-	435 000	42,9	1,25 yrs
Gustav Witzøe, Business Devel.	-	-	-	-	-
Dag Nikolai Ryste, Mngr Sales	110 000	-	110 000	54,3	3,5 yrs
Roger Sørensen, Mngr Factory	110 000	-	110 000	54,3	3,5 yrs

A - average strike price for options held at the end of the financial year.

1/3 of the options granted may be exercised from the date of the company's annual general meetings in 2008/2011 until one week after the publication of the company's first quarter reports 2011/2014. 1/3 of the options granted may be exercised from the date of the company's AGMs in 2009/2012 until one week after the publication of the first quarter reports 2011/2014. 1/3 of the options granted may be exercised from the date of the company's AGMs in 2010/2013 until one week after the publication of the first quarter reports 2011/2014. Options may only be exercised if the holder is an employee of the company at the start of the relevant exercise period. The exercise period for options granted in 2007 was changed in 2008. Where previously the exercise period was restricted to one year after the accrual period (which was 1, 2 and 3 years respectively), options may now be exercised as described above. This change resulted in an increased option cost for 2008 of NOK 2,358,000.

Fair value per option on the date it was awarded is calculated using the Black & Scholes option pricing model. The most important input data when calculating the value of options granted in 2007 were the share price when the option was granted (NOK 39), the

strike price (NOK 39), volatility at 30%, risk-free interest of 5% and the term of the option. The most important input data when calculating the value of the options granted in 2010 were the share price when the option was granted (NOK 52), the strike price (NOK 54.3), volatility at 50%, risk-free interest of 2.5% and the term of the option. Employers' national insurance contributions are included in the provisions made to cover this liability.

During 2010 a total of 1,210,000 options were exercised by the total of 2,100,000 options granted in 2007. The company chose cash settlement of exercised options. Total equity effect amounted to TNOK 22,297. As a consequence of the company's practice of cash settlement of options granted in 2007, the company was deemed to have incurred a commitment related to the remaining options from the same option scheme. TNOK 19,888 was accordingly reclassified from equity to short-term liabilities.

Auditor Fees paid to the auditor (ex. VAT) break down as follows:

NOK 1000	2010	2009
Statutory auditing	1 402	798
Other certification services	57	90
Tax advisory services	121	124
Other services	144	362
Total	1 725	1 374

NOTE 22 • OPERATING EXPENSES

Specification of other operating expenses:

NOK 1000	2010	2009
Maintenance	67 022	55 993
Operating equipment	15 025	28 575
Direct input factors	45 976	51 797
Delivery costs	113 785	94 857
Other operating expenses	160 646	80 750
TOTAL	402 453	311 973

R&D costs:

R&D costs include expenses relating to research and administrative personnel, technical equipment and facilities, and sums paid for external research services. The criteria for capitalisation are deemed to have been met with respect to the Group's wrasse project. Other R&D costs are not deemed to have met the criteria for capitalisation, and those costs have therefore been charged to expenses. A total of NOK 14,323,000 in R&D costs was charged to expenses in 2010.

NOTE 23 • GOVERNMENT GRANTS

In the 2010 financial statements Group companies have taken to income no government grants for the 2010 financial year. A total of NOK 2,578,000 in SkatteFUNN contributions were taken to income with respect to the 2009 financial year.

NOTE 24 • NET GAINS/(LOSSES) ON FOREIGN EXCHANGE

Net gains/(losses) on foreign exchange recognised in profit and loss:

NOK 1000	2010	2009
Financial income	14 728	28 462
Financial expenses	13 965	0
Net	763	28 462

NOTE 25 • FARNINGS PER SHARE

NOTE 25 • EARNINGS PER SHARE		
NOK 1000	2010	2009
Net profit (majority share)	946 818	470 869
IAS 41 Fair value adjustment of the biomass	-181 023	4 624
Tax on changes in value	50 686	-1 295
Adjusted net profit (majority share)	816 481	474 199
Ordinary shares as at 1 Jan	103 000 000	103 000 000
Effect of share issue	-	-
Effect of buy-back of own shares	-	-289 315
Average no. of shares outstanding through the year	103 000 000	102 710 685
Effect of options granted	-	2 937
Average no. of diluted shares outstanding through the year	103 000 000	102 713 622
Earnings per share		
Basic	9,19	4,58
Diluted	9,19	4,58
Earnings per share after fair value adjustment of the biomass		
Basic	7,93	4,62
Diluted	7,93	4,62

In 2009 SalMar ASA bought back 800,000 of its own shares. The buyback was carried out at a price of NOK 44 per share.

NOTE 26 • CLOSELY RELATED PARTIES / INDIVIDUAL TRANSACTIONS

The Group's parent company is SalMar ASA. The overall parent company is Kverva AS, which owns 53.4% of the shares in Sal-Mar ASA. The ultimate parent company is Kvarv AS, which prepares its own consolidated accounts in accordance with NGAAP.

Transactions with closely related parties:

NOK 1000

Closely related party	Type of transaction	Size of transaction	Outstanding balance
Overall parent company	(1) Size of outstanding balance		0
Comp. under same control Group subsidiaries	(2) Size of outstanding balance(3) Internal reinvoicing by SalMar ASA(4) Intra-group interest charges	32 762 20 732	-505
Senior management & board	(5) Size of internal outstanding balance See Note 21		1 019 909

(1)

Receivables from parent company on the balance sheet date.

By acquisition of 23.29% stake in Bakkafrost PF, the primary parent company Kverva AS was one of the sellers. The trade took place via the Oslo stock exchange.

(2)

Receivables from associated company Nordskag Næringspark AS on the balance sheet date. The InnovaMar construction project was transferred to Nordskag Næringspark AS in 2009. The transaction relating to the transaction were dealt with at SalMar ASA's AGM on 28 May 2009.

(3)

Internal reinvoicing by SalMar ASA of costs relating to services provided to subsidiaries. The amount is eliminated for consolidation.

(4)

Interest charges incurred by group companies for use of group credit facilities. The amount is eliminated for consolidation.

(5)

Sum of eliminated intra-group receivables and liabilities on the balance sheet date.

















OPERATING REVENUES AND OPERATING EXPENSES	NOTE	2010	2 009
Sales revenues	2	32 826	28 056
Other operating revenues		200	0
Total operating revenues		33 026	28 056
Cost of goods sold		0	0
Salary & payroll costs	3, 10, 15	21 718	18 833
Depreciation PP&E and intangible assets	4	452	238
Other operating costs	3	16 876	14 037
Total operating expenses		39 045	33 109
Operating profit/loss		-6 019	-5 052
FINANCIAL INCOME AND FINANCIAL EXPENSES			
Income from investment in subsidiaries	5	800 000	410 000
Income from investment in associates	ر	50 000	5 082
		20 732	12 796
Interest received from group companies			
Other interest income		1 286	1 350
Other financial income		0	241
Interest paid to group companies		0	0
Other interest expenses		29 283	20 334
Other financial expenses		562	673
Net financial items		842 173	408 461
Profit before tax		836 154	403 409
Tax	12	126 531	111 724
NET PROFIT FOR THE YEAR		709 623	291 684
ALLOCATIONS			
To dividend		406 400	223 520
		303 223	
To/from other equity			68 164
TOTAL allocations	9	709 623	291 684
Group contributions received before tax		800 000	410 000
Group contributions given before tax		129 757	0

ASSETS	NOTE	2010	2 009
NON-CURRENT ASSETS			
Intangible assets			
Licences, patents, etc		0	0
Deferred tax assets		0	0
Total intangible assets		0	0
Property, plant & equipment			
Land, buildings and other real property	4	541	541
Plant, equipment and operating consumables	4	1 705	1 547
Means of transport, etc	4	532	642
Total property, plant & equipment	4, 14	2 778	2 730
NON-CURRENT FINANCIAL ASSETS			
Investments in subsidiaries	5	548 515	451 646
Loans to group companies	7, 11, 14	1 045 272	451 692
Investments in associates		719671	186 265
Loans to associates and joint ventures		0	0
Investments in shares and other securities	6	193	193
Pension fund assets	10	62	96
Other receivables	7	10 034	9813
Total non-current financial assets		2 323 748	1 099 705
Total non-current assets		2 326 527	1 102 435
CURRENT ASSETS			
Inventory		0	0
Total inventory		0	0
Receivables			
Trade receivables	14	28	23
Parent company receivables	14	0	84
Other receivables	11,14	829 241	463 550
Total receivables	11,14	829 269	463 657
Total receivables		023 203	403 037
Bank deposits, cash & cash equivalents	17	5 880	1 131
Total current assets		835 149	464 788
TOTAL ASSETS		3 161 676	1 567 223

EQUITY AND LIABILITIES	NOTE	2010	2 009
EQUITY			
Paid-in equity			
Share capital	8, 9	25 750	25 750
Treasury shares	9	-350	-350
Share premium fund	9	112 880	112880
Other paid-in equity	9	27 743	22 512
Total paid-in equity		166 023	160 793
Retained earnings			
Other equity	9	352 410	91 374
Total retained earnings		352 410	91 374
Total equity	0	E10 474	757 167
Total equity	9	518 434	252 167
LIABILITIES			
Provisions			
Pension liabilities	10	0	0
Deferred tax liabilities	12	243	454
Total provisions		243	454
Other non-current liabilities			
Debt to credit institutions	13,14	1 529 752	606 900
Other non-current liabilities	13,14	0	0
Total other non-current liabilities		1 529 752	606 900
Comment Park Webs			
Current liabilities	17.14	250.001	200.100
Debt to credit institutions	13,14	359 801	308 169
Trade payables	1.7	989	1 354
Tax payable	12	91 379	112710
Dividend	8, 9	406 400	223 520
Public charges payable	1 1	58 470	1 392
Other current liabilities	11	196 208	60 559
Total current liabilities		1 113 247 2 643 242	707 704 1 315 057
Total liabilities			
TOTAL EQUITY AND LIABILITIES		3 161 676	1 567 223

Frøya, 29. march 2011

Bjørn Flatgård Chair

Gustav Witzøe Director

Randi C. Reinertsen Alf Jostein Skjærvik Randi E. Reinertsen Director Director/Employee representative Symmove G. Enil Synnøve G. Ervik Director

Manicha Solamus Monicha Seternes Director/Employee representative Kjell A. Storeide Director

Leif Inge Nordhammer President & CEO

CASH FLOW FROM OPERATING ACTIVITIES:	2010	2009
Profit before tax	836 154	403 409
Tax paid during the period	-113017	-22 120
Depreciation	452	238
Recognised dividend from associates	-50 000	-5 082
Gains/losses from sale of shares	0	0
Gains/losses from sale of non-current assets	0	0
Recognised group contributions	-800 000	-410 000
Group contributions received	410 000	98 000
Options charged to expenses	5 231	4 895
Redeemed options	-22 297	0
Options reclassified as liabilities	-19 888	0
Change in inventory	0	0
Change in trade receivables	-5	-23
Change in trade payables	-365	-1 100
Change in other time-limited items	156 086	38 528
Net cash flow from operating activities	402 351	106 745
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant & equipment	0	0
Payments for purchase of property, plant & equipment	-500	-1 209
Change in intra-group balances	-614 474	-134 599
Proceeds from sale of non-current financial assets	0	0
Payments for purchase of non-current financial assets	-533 593	-41 727
Net cash flow from investing activities	-1 148 567	-177 535
CASH FLOW FROM FINANCING ACTIVITIES:		
Long-term debt raised	955 952	24 000
Long-term debt repaid	-33 100	-33 100
Net change in overdraft	51 632	156 784
Change in debt to parent company	0	0
Net paid in after share issue	0	0
Buyback of own shares	0	-35 376
Dividend (paid)	-223 520	-40 960
Net cash flow from financing activities	750 964	71 348
Net cash now from financing activities	7 30 304	71340
Net change in bank deposits, cash & cash equivalents	4 748	558
Bank deposits, cash & cash equivalents as at 1 Jan	1 131	572
Bank deposits, cash & cash equivalents as at 31 Dec	5 880	1 131
	465.700	050 200
Unused drawing rights	465 788	958 300



The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway. The accounting principles described below apply only to the parent company SalMar ASA. The notes relating to the SalMar Group are presented along with the Group's consolidated financial statements.

Use of estimates

Preparation of the financial statements in accordance with generally accepted accounting principles requires that management make assessments, estimates and assumptions that affect the application of accounting principles, the recognised value of assets and liabilities in the balance sheet, revenues and expenses for the financial year, as well as information relating to uncertain assets and liabilities on the balance sheet date. Estimates and their underlying assumptions are based on historic experience and other factors which are deemed to be relevant and probable at the time the assessment is made. These assessments affect the book value of assets and liabilities where the valuation is not based on other sources. Estimates are assessed continually, and final values and results may deviate from these estimates. Changes in accounting estimates are recognised in the period in which the change takes place.

Classification and valuation of balance sheet items

Liquidity is defined as cash and bank deposits.

Assets intended for permanent ownership or use are classified as non-current assets. Other assets are classified as current assets and normally include items falling due for payment within one year, as well as items associated with the production cycle. The classification of current and non-current liabilities is based on the same criteria.

Non-current assets are valued at acquisition cost. If the recoverable portion of the non-current asset is lower than its book value, and the impairment is not expected to be temporary, the asset is written down to its recoverable value. Non-current assets with a limited economic life are depreciated systematically.

Current assets are valued at the lower of acquisition cost and fair value.

Other non-current and current liabilities are valued at par.

Revenues

Revenue from the sale of goods is recognised when it is earned, ie when the majority of both the risk and control of the item sold has been transferred to the customer. This will normally be when the item has been delivered to the customer. Revenues are recognised at the value of the consideration payable at the time the transaction took place. Services are taken to income as they are performed. Operating revenues are recognised less public charges, discounts, bonuses and other sales costs.

Public funding

Operating subsidies are periodised and classified along with the revenues they are intended to augment or the costs they are intended to reduce.

Receivables

Trade receivables and other receivables are recognised at par less provisions for bad debts. Provisions for bad debts are determined on the basis of an assessment of the individual receivable.

Property, plant & equipment

Items of property, plant and equipment are capitalised at historic cost price and are depreciated over the asset's expected lifespan. Costs directly relating to maintenance of property, plant and equipment are charged to expenses as they arise, while enhancements or improvements are added to the asset's cost price and depreciated in line with the asset itself. If the recoverable portion of an item of property, plant and equipment is lower than its book value, the asset is written down to its recoverable value. The recoverable value is the higher of net sales value or value in use. Value in use is the present value of future cash flows which the asset will generate.

Shares

Subsidiaries, associates and other shares classified as non-current assets are valued in accordance with the cost method. Subsidiaries are companies in which Sal-Mar ASA has a controlling influence, as a result of either legal or actual control. In principle, a controlling influence is deemed to exist when the company's direct or indirect shareholding exceeds 50 per cent of the voting capital. Associates are companies in which SalMar has a considerable influence. Considerable influence is normally deemed to exist when the company owns 20-50 per cent of the voting capital. Investments are valued at the shares' acquisition cost unless a writedown has been necessary. Write-downs to fair value are performed when the impairment is due to reasons that are not deemed to be of a temporary nature and are required under generally accepted accounting principles. Write-downs are reversed when the reason for the write-down is no longer applicable.

Dividend and other payouts are recognised as other financial income. If the dividend exceeds the share of withheld profit/loss after acquisition, the surplus amount represents a repayment of invested capital, and the payouts are deducted from the value of the investment in the balance sheet.

Pensions

The company switched its occupational pension scheme to a defined contribution plan in 2006. Pension premiums are charged to expenses as they arise, and the Group has no other liabilities over and above this annual payment.

Share-based remuneration

The fair value of share options is determined at the date of issue. The valuation is based on recognised valuation models adapted to the properties of the

options concerned. The value as determined at the date of issue is periodised in the income statement over the options' accrual period, with a corresponding increase in paid-in equity. The accrual period is the period from the establishment of the scheme until the options are fully accrued. The value of options relating to employees of subsidiary companies is recognised as an investment in subsidiaries.

Tax

The tax expense is matched against profit/loss before tax. Tax relating to equity transactions is recognised in equity. The tax expense comprises tax payable (tax on the company's taxable income for the year as it appears in the income statement), and any change in net deferred tax. Deferred tax is calculated at the rate of 28 per cent on the temporary differences between accounting and tax values, as well as tax-related losses carried forward at the

end of the financial year. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Statement of cash flow

The company's statement of cash flow shows a breakdown of the company's cash flow by operating, investing and financing activity. The statement shows the individual activity's impact on liquidity. The statement of cash flow has been drawn up in accordance with the indirect method.

Changes in accounting principles and comparable figures

The figures presented for the previous year's accounts are comparable.

NOTE 2 • SALES REVENUES

The parent company SalMar ASA is a holding company primarily engaged in the provision of administrative services to subsidiaries. The parent company's revenues therefore derive solely from one business area.

NOTE 3 • PAYROLL COSTS, NO. OF EMPLOYEES, REMUNERATION, EMPLOYEE LOANS, ETC

PAYROLL COSTS NOK 1000	2010	209
Salary, incl. holiday pay and bonuses	17 083	13 919
Employers' national insurance contributions	1 829	1 187
Pension costs	430	375
Options	1 788	2 480
Other benefits	588	872
Total	21 718	18 833
No. of people employed (full-time equivalents) during the year	21	16

REMUNERATION PAID TO SENIOR COMPANY OFFICERS AND THE AUDITOR

Please see Note 21 to the consolidated financial statements for details of the remuneration paid to senior executives.

OPTIONS

Seven company employees have received a total of 1,225,000 options to acquire company shares. The CEO and members of the company's board of directors do not have options. In addition, eight people employed by subsidiaries have received a total of 875,000 options to acquire company shares. The option cost relating to employees of subsidiary companies is charged to expenses by the respective subsidiaries. A further 1,505,000 options were granted to group management and 60 other employees in 2010. Please see Note 21 to the consolidated financial statements for further details regarding the option scheme.

AUDITOR

The fee paid to the auditor, excl. VAT, breaks down as follows:

	2010	2009
Statutory auditing services	337	133
Other certification services	11	14
Tax advisory services	7	0
Other services	113	156
Total	468	303

NOTE 4 • PROPERTY, PLANT & EQUIPMENT

	Real	Operating equipment,	Vehicles & other means	
NOK 1000	property	fixtures, etc	of transport	TOTAL
A 1 1 1 2010	E 41	2 77 4	1 220	4.653
Acquisition cost 1 Jan 2010	541	2 774	1 338	4 653
Additions	0	500	0	500
Disposals	0	0	0	0
Acquisition cost 31 Dec 2010	541	3 274	1 338	5 153
Acc. depreciation & write-downs 1 Jan 2010	0	1 227	696	1 923
Year's depreciation	0	342	110	452
Year's write-downs	0	0	0	0
Reversed write-downs	0	0	0	0
Acc. depreciation 31 Dec 2010	0	1 568	806	2 374
Net acc. & rev.				
write-downs 31 Dec 2010	0	0	0	0
Acc. dep., write-downs &				
reversals 31 Dec 2010	0	1 568	806	2 374
Book value as at 31 Dec 2010	541	1 705	532	2 778
Economic lifespan Depreciation plan		7-20 years straight-line	5-14 years straight-line	
Gains/losses on the sale of fixed assets Annual leasing cost for off-balance sheet PP&E	- 563	- 138	0	- 701

NOTE 5 • SUBSIDIARIES, ASSOCIATES, ETC

	Consolidated	Business	Voting share/	Book value in
COMPANY	(yes/no)	address	shareholding	SalMar ASA
SalMar Settefisk AS (formerly Follasmolt AS)	YES	Kverva	100 %	27 658
SalMar Farming AS	YES	Kverva	100 %	85 492
SalMar Nord AS	YES	Senja	100 %	315 342
SalMar Processing AS	YES	Kverva	100 %	75 515
Astamarin AS	YES	Kverva	100 %	5 015
SalMar - tunet AS	YES	Kverva	100 %	7 071
SalMar Sales AS (formerly Volstad Seafood AS)	YES	Kverva	100 %	32 423
TOTAL subsidiaries				548 515
Norskott Havbruk AS	NO	Bergen	50 %	162 787
Bakkafrost PF	NO	Glyvrar	23,3 %	533 406
Nordskag Næringspark AS	NO	Kverva	42,5 %	23 375
Trøndersk Kystkompetanse AS	NO	Dyrvik	20 %	103
TOTAL associates				719 671

COMPANY	Recognised dividend	Equity as per latest financial statement	Profit/loss as per latest financial st.
Norskott Havbruk AS	50 000	317618	94 865
Bakkafrost PF	0	945 599	279 168
Nordskag Næringspark AS	0	56 818	1 708
Trøndersk Kystkompetanse AS	0	500	0
SalMar ASA recognises group contributions from the followi	ng subsidiaries:	2 010	2009
- SalMar Settefisk AS		0	0
- SalMar Farming AS		800 000	410 000
- SalMar Processing AS		0	0
TOTAL		800 000	410 000
SalMar ASA has given contributions to the following subsidia	aries:	2 010	2009
- SalMar Settefisk AS		9 724	0
- SalMar Processing AS		95 070	0
- SalMar Sales AS		24 865	0
- SalMar Tunet AS		98	0
TOTAL		129 757	0

NOTE 6 • OTHER FINANCIAL ASSETS

Investments in other shares are valued at cost since fair value cannot be reliably measured.

NON-CURRENT ASSETS SHARES IN OTHER COMPANIES

This list includes all shareholdings of less than

20 per cent as at 31 December 2010. <i>NOK 1000</i>	Shareholding	Book value
AquaGen AS	0,19 %	181
Hitra Frøya Fastlandssamband AS	-	3
Frøya Flyplass DA	-	10
TOTAL		193

NOTE 7 • RECEIVABLES FALLING DUE MORE THAN ONE YEAR HENCE

	2010	2009
Other receivables	8 143	8 143
Loans to employees	1 891	1 670
Loans to group companies	1 045 272	451 692

NOTE 8 • SHARE CAPITAL AND SHAREHOLDERS

The company's share capital as at

31 December 2010 comprised:	NOK 1000	No.	Face value	Book value
Ordinary shares		103 000 000	0,25	25 750

Please see Note 11 to the consolidated financial statements for details of the largest shareholders and senior executives' holdings of company shares.

DIVIDEND

The board of directors is proposing a dividend of NOK 4.00 per share. If the AGM approves the proposal, it will result in a total payout of NOK 406.4 million (excluding treasury shares). The proposed dividend is recognised as a liability as at 31 December 2010.

NOTE 9 • EQUITY

NOK 1000 PAID-IN EQUITY	Share capital	Treasury shares	Share premium fund	Paid-in other equity
Equity as at 1 Jan 2010	25 750	-350	112 880	22 512
Change in equity:				
Options	0	0	0	5 231
Purchase of own (treasury) shares	0	0	0	0
Group contributions received/paid	0	0	0	0
Equity as at 31 Dec 2010	25 750	-350	112 880	27 743

	Fund for		
	valuation	Other	Total retained
Retained earnings	differences	equity	earnings
Equity as at 1 Jan 2010	0	91 374	91 374
Net profit for the year	0	709 623	709 623
Redeemed options	0	-22 297	-22 297
Reclassification of options	0	-19888	-19888
Group contributions received/paid	0	0	0
Buyback of own (treasury) shares	0	0	0
Dividend	0	-406 400	-406 400
Equity as at 31 Dec 2010	0	352 410	352 410

For further discussion of options exercised and reclassification of options see note 21 for the consolidated financial statements.

NOTE 10 • PENSION COSTS

The company has a statutory obligation to provide an occupational pension scheme under the Compulsory Occupational Pensions Act, and has a pension scheme which meets the Act's requirements. The company has no defined benefits pension schemes.

Premiums under the defined contribution scheme are charged to expenses as they fall due. NOK 648,000 was charged to expenses in connection with the defined contribution scheme in 2010 (NOK 558,000 in 2009).

NOTE 11 • INTRA-GROUP BALANCES, ETC

	Loans		Other receivables	
NOK 1000	2010	2009	2010	2009
Group companies	1 045 272	451 692	855 061	432 909
Associates	0	0	2 560	65
Total	1 045 272	451 692	857 621	432 974
	urrent liabilities		Group contributions	
NOK 1000	2010	2009	2010	2009
Group companies	200 623	57 112	0	0
Associates	0	0	0	0
Total	200 623	57 112	0	0

NOTE 12 • TAX

BREAKDOWN OF THE YEAR'S TAX EXPENSE:	2010	2009
Tax payable	127 711	112 016
Change in deferred tax	-95	-292
Tax provisions (shortfall/excess)	-1 085	0
Tax on ordinary profit	126 531	111 724
BREAKDOWN OF THE YEAR'S TAXABLE INCOME	2010	2009
Profit before tax	836 154	403 409
Permanent differences	-380 382	-4 393
Change in temporary differences	338	1 042
Group contributions received/paid	-129 757	0
Tax-losses carried forward	0	0
Taxable income for the year	326 353	400 057
TAX PAYABLE IN THE BALANCE SHEET	2010	2009
Tax payable for the year	127 711	112016
Tax on group contributions paid	-36 332	0
Change in tax payable in previous years	0	694
Tax on equity transactions	0	0
Tax payable in the Balance Sheet	91 379	112 710

BREAKDOWN OF TEMPORARY DIFFERENCES	2010	2009
Property, plant & equipment, incl. goodwill	877	925
Leased assets and leasing liabilities	0	0
Non-current financial assets	62	96
Receivables	-75	-75
Inventory	0	0
Receivables - taxable dividends	0	152
Current liabilities	-414	0
Non-current liabilities	0	0
Profit & loss account	418	522
Losses carried forward	0	0
Unutilised remuneration share dividend	0	0
TOTAL temporary differences	868	1 620
Deferred tax liabilities (+) / deferred tax assets (-)	243	454

RECONCILIATION FROM NOMINAL TOACTUAL TAX RATE	2010	2009
Profit before tax	836 154	403 409
Expected tax on income at nominal tax rate	234 123	112 954
Permanent differences (28%)	-106 507	-1 230
Tax provisions (shortfall/excess)	-1 085	0
Estimated tax expense	126 531	111 724
Effective tax rate	15,1 %	27,7 %

NOTE 13 • DEBT

DEBT FALLING DUE MORE THAN FIVE YEARS AFTER

THE CLOSE OF THE FINANCIAL YEAR: NOK 1000	2010	2009
Debt to credit institutions	0	441 400
Other long-term debt	0	0
Total other long-term debt	0	441 400

DEBT REPAYMENT PLAN

In December 2006 SalMar entered into a new 7-year loan agreement. The loan agreement is divided into four facilities - each with a separate repayment plan and quarterly instalments. Interest rates are based on so-called "current terms".

FINANCIAL COVENANTS

The most important financial covenants for the long-term financing of SalMar ASA are a solvency requirement under which the Group's recognised equity ratio must remain over 30 per cent (down to 25 per cent for a 12-month period), and a requirement that, on average, the company's average interest-bearing debt to consolidated EBITDA ratio does not exceed 4.5.

Please see Note 14 to the consolidated financial statements for further details of company funding.



NOTE 14 • LIENS, GUARANTEES, ETC

RECOGNISED DEBT SECURED THROUGH LIENS, ETC: NOK 1000	2010	2009
Short-term debt to credit institutions	359 801	308 169
Long-term debt to credit institutions	1 529 752	616 000
Other long-term debt	0	0
Total	1 889 553	924 169
Book value of assets pledged as security for recognised debt	2010	2009
	2010 2 778	2009 2 730
for recognised debt		
Froperty, plant & equipment	2 778	2 730
Froperty, plant & equipment Shares	2 778	2 730

SalMar ASA has issued guarantees totalling NOK 17,000,000 on behalf of SalMar Processing AS with respect to credit facilities granted by SG Finans AS.

SalMar ASA has issued a guarantee in the amount of NOK 5,000,000 to Nord-Trøndelag E-verk on behalf of SalMar Settefisk AS. The guarantee was issued on 1 January 2004, and is reduced incrementally each year by NOK 250,000. As at 31 December 2010, the remaining sum guaranteed totalled NOK 3,250,000.

SalMar ASA has issued a guarantee to SalMar Nord AS's lenders that SalMar ASA will provide the equity necessary to ensure that SalMar Nord AS always has an equity ratio of at least 25 per cent.

In connection with the financing of the subsidiary SalMar Sales AS, SalMar ASA has issued a guarantee totalling NOK 27,000,000 to the company's lender. Furthermore, SalMar ASA has issued a guarantee totalling NOK 10,000,000 in connection with unutilised credit facilities granted to the subsidiary SalMar Japan K.K.

NOTE 15 • GOVERNMENT GRANTS

The company has not recognised any R&D projects entitled to financial incentives under the SkatteFUNN scheme in 2010. NOK 990,000 from the 2008 financial year was recognised in 2010.

NOTE 16 • FINANCIAL RISK

Please see Note 2 to the consolidated financial statements for details relating to the management of the financial and market risks to which the company and Group are exposed.

NOTE 17 • BANK DEPOSITS

At at 31 December 2010 the item Bank deposits, cash and cash equivalents included NOK 4,867,000 in restricted funds relating to employee tax deductions. The corresponding figure for 2009 was NOK 1,131,000.











PricewaterhouseCoopers AS
Brattørkaia 17 B
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Telefon 02316

To the Annual Shareholders' Meeting of SalMar ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of SalMar ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2010, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet as at 31 December 2010, income statement, changes in equity, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company give a true and fair view of the financial position for SalMar ASA as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group give a true and fair view of the financial position of the group SalMar ASA as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by FU

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 29 March 2011 PricewaterhouseCoopers AS

Trond Tuvstein State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Statement of responsibility FROM THE BOARD AND CEO

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2010 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole.

We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Frøya, March 29th 2011

Bjørn Flatgård

Randi C. Reinertsen

Randi E. Reinertsen *Director*

Synnove G. Ervik

Synnøve G. Ervil Director

Hinishin Schemis

Monicha Seternes

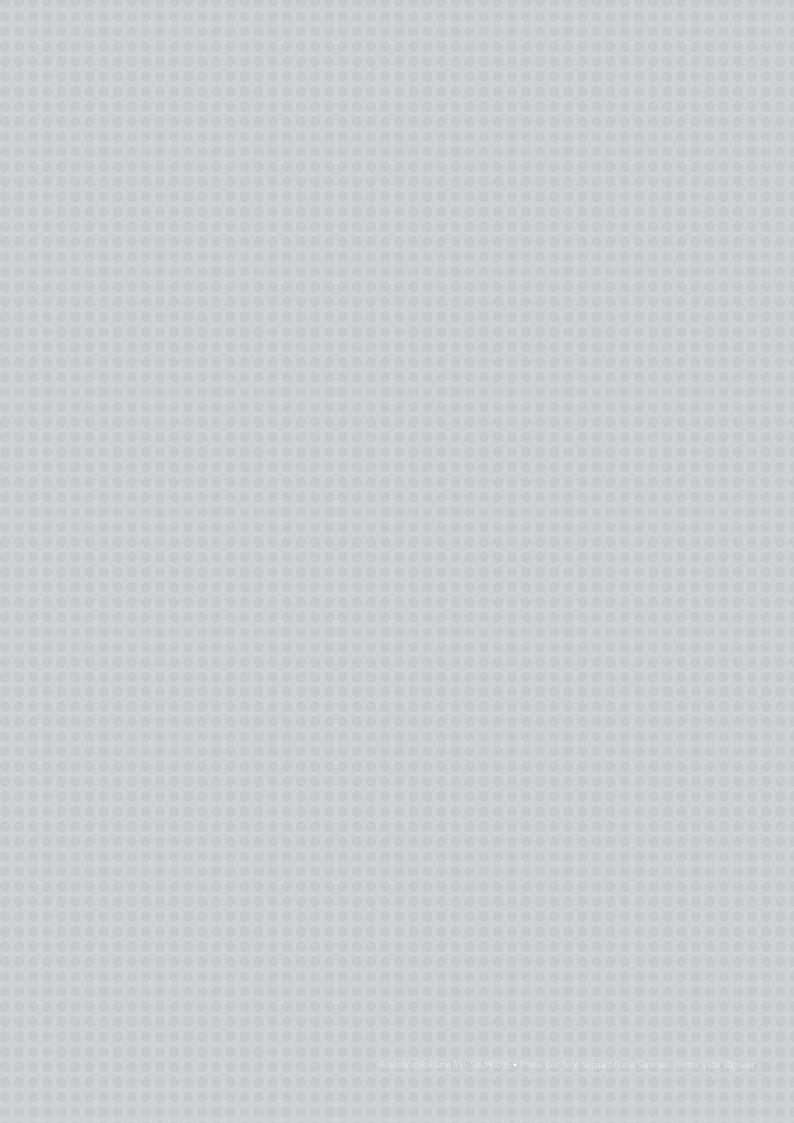
Director/Employee representative

Gustav Witzøe Director

Alf Jostein Skjærvik
Director/Employee representative

Kjell A. Storeide Director

Leif Inge Nordhammer
President & CEO





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