ANNUAL REPORT 2013

SALMAR
Passion for Salmon

CONTENT

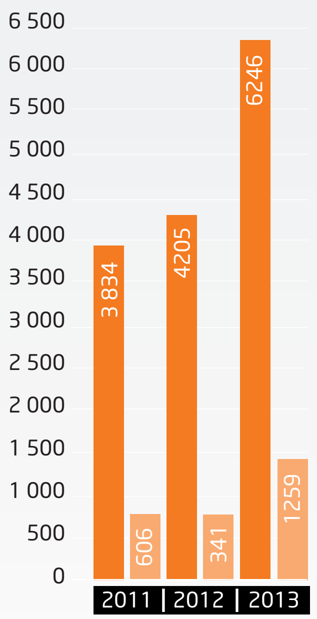
ONE OF THE LARGEST AND MOST COST EFFICIENT SALMON PRODUCERS IN THE WORLD

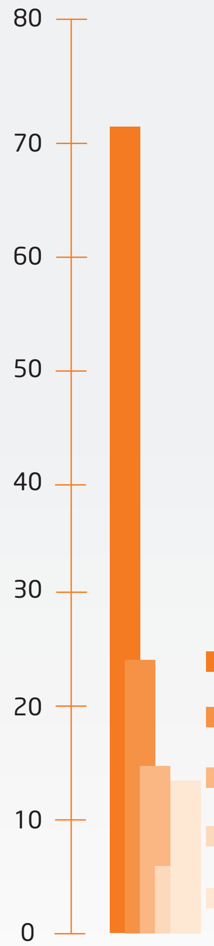
This is SALMAR

SalMar is one of the world's leading producers of Atlantic salmon and is integrated from broodstock, 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. SalMar also operate a comprehensive harvesting and VAP facility in Central Norway at the company's headquarter at InnovaMar on Frøya and on Vikenco at Aukra. Learn more about SalMar at **www.salmar.no**

Operating revenue and
Operational EBIT *NOK mill .*

- Operating revenue
- Operational EBIT



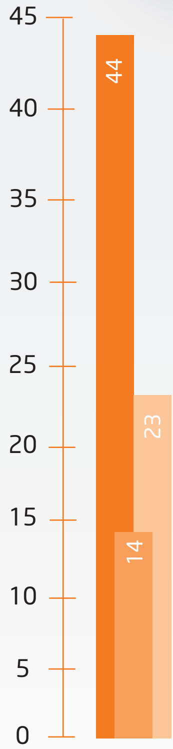


HARVEST VOLUME 2013
by geography, gutted weight

* Volumes after
SalMar acquired
a controlling interest

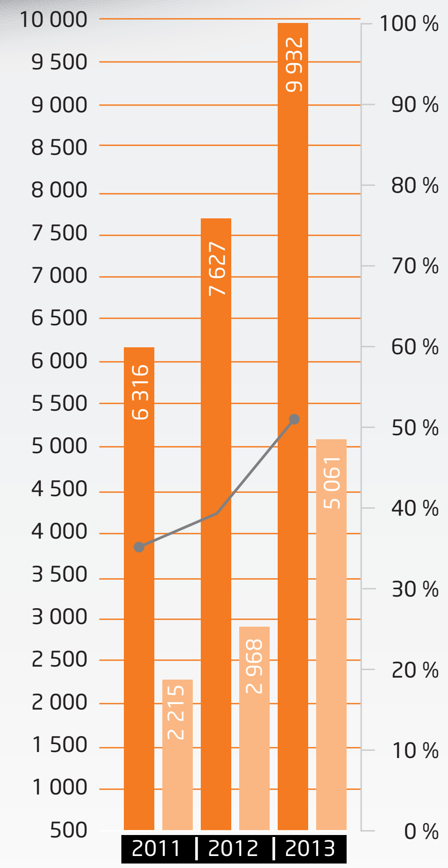
- SalMar Central Norway
  - 70 200 tons
- SalMar Nothern Norway
  - 23 800 tons
- Rauma
  - 14 900 tons
- Villa Organic*
  - 6 100 tons
- Scottish Sea Farms Ltd [1]
  - 13 400 tons

1 SalMars 50% share



GEOGRAPHICAL
DISTRIBUTION
of SalMar's 81
wholly owned
licenses in Norway
pr. 31.12.2013

- SalMar Central Norway
  Trøndelag and Nordmøre
- Segment Rauma
  Møre and Romsdal
- SalMar Nothern Norway
  Troms and Finnmark



Balance sheet
and Equity
NOK mill.

- Total balance
- Equity
- *Equity share%*

FINANCIAL CALENDAR 2014

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 annual general meeting will be held at Frøya.

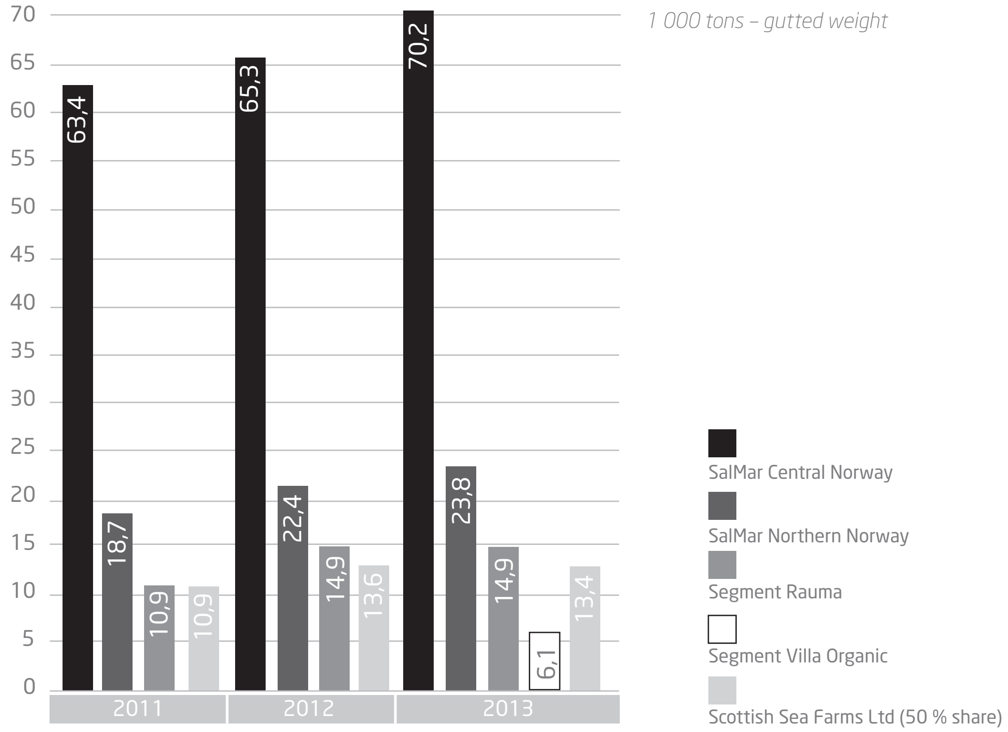
Please note that the dates are subject to change. Changes will be communicated.

- 1st Quarter 2014 results
  - 22.05.2014
- Annual General Meeting
  - 04.06.2014
- 2nd Quarter 2014 results
  - 26.08.2014
- 3rd Quarter 2014 result
  - 19.11.2013

HARVEST VOLUME VALUE ADDED PRODUCTS

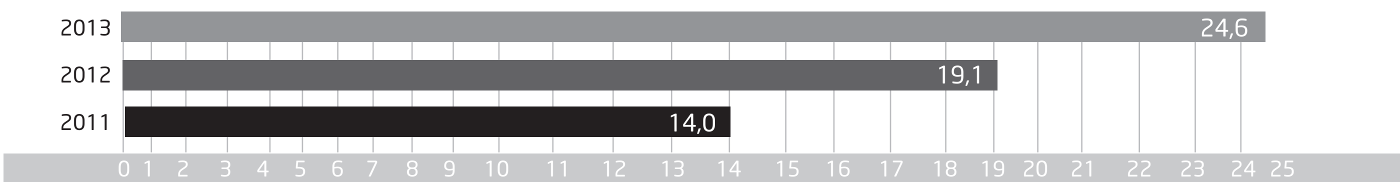
HARVEST VOLUME

1 000 tons – gutted weight



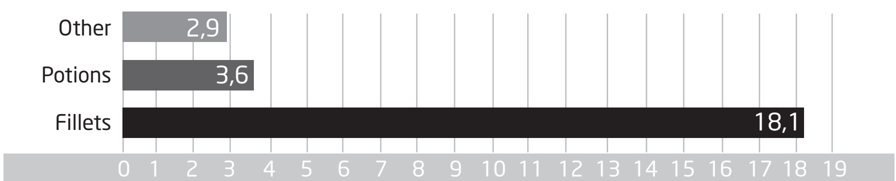
VOLUME VALUE ADDED PRODUCTS

1 000 tons – product weight



VALUE ADDED PRODUCTS 2013

1000 tons – product weight



OPERATING REVENUES AND OPERATING PROFIT

	2013	2012	2011
Operating revenues	6 246	4 205	3 834
Operational EBIT	1 259	341	606
Operating margin	20 %	8 %	16 %
Operating profit	1 949	639	178
Profit before tax	**2 322**	**609**	**160**
Profit margin	37 %	14 %	4 %
Profit for the year	**1 903**	**481**	**147**
Earnings per share after fair value adjustment of biomass	15,8	4,2	1,4

BALANCE SHEET

	2013	2012	2011
Non-current assets	4 732	4 375	3 970
Current assets	5 199	3 252	2 347
Total assets	**9 932**	**7 627**	**6 316**
Equity	5 061	2 968	2 215
Debt	4 871	4 659	4 102
Total Equity and debt	**9 932**	**7 627**	**6 316**
Net interest bearing debt	1 772,4	2 764,4	2 656,1
Equity share	51 %	39 %	35 %

KEY FIGURES 2013

CEO'S REPORT

When I joined SalMar in 1996, we numbered some 90 employees. When I left the company in June 2011, there were 700 of us. Today, the company has almost 1,000 employees on its payroll. The steady increase tells me two things: that much has been done right since SalMar was established in 1991, and that those who have been on board from the beginning and those who have joined along the way have done a fantastic job for the company. Our growth also shows that we are working in an industry for the future – an industry that many people branded a mere flash in the pan some 40 years ago. But thanks to the hard work of many individuals, not least the entrepreneurs who have had both the vision and unceasing faith in what they were doing, many of the initial challenges have been overcome.

2013 was another record year for SalMar. The combination of higher harvested volumes and high salmon prices boosted the Group's overall revenues to NOK 6.25 billion, while operating profit came to NOK 1.26 billion. After such a success it might be tempting to 'chill out' and take it easy for a while, but there are too many challenges and too many opportunities to be had in the Norwegian aquaculture industry for this to be an option.

While I am extremely proud and pleased with the company's growth and development, I would nevertheless like to point out that in recent years we have experienced a troubling increase in the cost of producing a kilo of salmon. Much of this can be attributed to the challenges posed by PD and salmon lice, the costs of which persist through the entire value chain. It is therefore important that we focus on cost-effectiveness, both to withstand a lower average salmon price and to restore SalMar to the cost-leadership position we had a few years ago. These are issues we will be working actively on in 2014 and the years ahead.

Norway's aquaculture industry continues to struggle with its position and reputation at home, while the product 'Norwegian Salmon' was an almost immediate success in the international market. Many of the myths surrounding Norwegian fish farming remain alive and well here at home. Unfortunately, we ourselves have failed to explode the myths, some of which – sadly – are not myths at all. Some remain, in fact, bitter realities, like disease, lice and the escape of farmed fish.

If Norway's aquaculture industry is to succeed in gaining a good position in the public's collective consciousness, we must earn it. It is not enough to say we represent the country's second largest export industry, or that we play an important role in providing employment and maintaining viable local communities up and down our extensive coastline.

But I believe there is light to be seen on the horizon. The aquaculture industry has a long history of close collaboration with the research and development sector. SalMar is working on several projects – both large and small scale – to improve our productivity while helping to solve some of the challenges facing the industry as a whole. Representatives from various levels of government are showing a steadily growing interest in our operations. Through the year we are visited by key political figures who want to learn more about how we operate. That is a good thing. It is our responsibility to ensure that those who draw up our regulatory framework are well informed about the industry's current position.

Media interest in the aquaculture industry is strong. Although the main media focus is on our challenges and problems, the social and economic importance of the aquaculture industry is being paid gradually more attention. Nevertheless, it is we ourselves who must do the heavy lifting when it comes to protecting the industry's good name. Our red, white and blue logo is SalMar's trademark or brand. Our almost 1,000 employees are also part of SalMar's brand identity. Together, we embody the spirit of SalMar, which means we have 1,000 potential ambassadors for the company in house – a fantastic resource that we must make use of. SalMar's reputation is the sum of the impressions we create and communicate; the way we are perceived and spoken of by others. We have succeeded in creating a good reputation when people's actual experience of SalMar exceeds their expectations.

Over many years we have worked systematically at SalMar to promote the right attitudes, particularly through the SalMar School. We know that the public's opinion of us depends solely on the way we ourselves behave. Our actions create that mental fingerprint.

Building a brand identity is about showing that we care deeply about what we do, that we are passionate about the welfare of our fish stocks, the environment, our own staff, the communities in which we operate and the people who determine public policy. SalMar's new vision, 'Passion for Salmon', encapsulates that view.

Without a passion for what we do, we cannot develop and grow. At SalMar we want growth to come first and foremost in ways that promote the best interests of the salmon in our care. That costs money. But without the necessary passion for the welfare of our fish, investments can quickly prove to be money down the drain. Today, it is easy to believe that technology and science can solve almost any problem. Yet the deciding factor continues to lie in the choices made by businesses themselves. Our six cultural tenets remain valid. Our focus may have altered slightly, but our fundamental values – what guides our day-to-day decisions – are unchanged.

We will continue to do things better today than we did yesterday. We will continue to do our utmost to satisfy every link in the supply chain up to and including the end-user. Success here is possible only through teamwork. Together, we will also find solutions to the challenges we face. And we will continue to care and to contribute to the sustainability of the aquaculture industry.

We can neither buy our way nor build our way to sustainability. Sustainability is about attitudes, and attitudes must come from within. That is the driving force we call 'passion'.

THE HISTORY OF SALMAR

SalMar was founded in February 1991 following the acquisition of a licence for the production of farmed salmon and a whitefish harvesting/processing plant from a company that had gone into liquidation. These events took place during one of the most turbulent periods in the history of the Norwegian aquaculture industry, which subsequently also led to the collapse of the fish farmers' own sales organisation (Fiskeoppdretternes Salgslag AL) in November that same year. It was precisely this company's failure, and the so-called salmon mountain, that helped lay the foundations for the secondary processing operations which are a cornerstone of the SalMar story. Up until then the vast majority of Norwegian salmon had been exported as fresh or frozen round gutted fish. This was the start of a major restructuring of the Norwegian aquaculture sector, which gradually led to a substantial increase in its level of industrialisation.

HISTORICAL DEVELOPMENT
of the SalMar Group

The key milestones in the company's development from 1991 to 2014:

Since its inception in 1991 SalMar has developed into a vertically integrated aquaculture enterprise, whose production stretches from roe/broodfish to the sale of finished products. SalMar has gone from a single company with one licence for the production of farmed salmon in Norway, to an international concern with 81 fish farming licences in Norway and considerable shareholdings in the UK. Today, SalMar is Norway's third largest producers of Atlantic salmon. During the same period the number of employees has risen from 25 to around 1000. In short, SalMar has made spectacular progress over the past 23 years, and is looking forward to an equally exciting period of development in the years to come.

1991
SalMar is founded in Frøya in Sør-Trøndelag following the acquisition of one licence for the production of farmed salmon and a harvesting/processing plant from a company that had gone into liquidation. The company's primary business was the processing of frozen salmon. This was the start of a major restructuring of the Norwegian aquaculture sector, which gradually led to a substantial increase in its level of industrialisation.

1992
Acquisition of two licences for the production of farmed salmon in Central Norway.

1995
Acquisition of Follasmolt AS in Verran, Nord-Trøndelag. Start of smolt production. Lease of Kjørsvik Settefisk's hatchery in Aure, Møre & Romsdal.

1997
Extension of the plant at Nordskaget in Frøya to increase processing capacity. Kverva Holding AS becomes sole owner of SalMar.

2000
Total volume harvested: 11,000 tonnes gutted weight
Establishment of operations outside of Central Norway through the acquisition of 49% of the shares in Senja Sjøfarm AS in Troms. At that time Senja Sjøfarm had nine production licences and its own hatchery.

2001
Total volume harvested: 15,000 tonnes gutted weight
Establishment of operations outside Norway through Norskott Havbruk AS, a 50/50 joint venture with Lerøy Seafood Group. Norskott Havbruk AS is sole owner of Scottish Sea Farms Ltd, the UK's second largest salmon producer.

2005
Total volume harvested: 35,000 tonnes gutted weight
Divestment of operations SalMar does not consider to be core businesses, including the production of herring, herring oil and fish meal. Greater focus on core business activities, ie farming, harvesting and processing of salmon.

2006
Total volume harvested: 44,000 tonnes gutted weight
Kverva Holding AS sells 42.5% of the company's shares to a limited number of Norwegian and international investors. Acquisition of three new licenses in Nordmøre. Acquisition of the remaining 51% of the shares in Senja Sjøfarm AS, making SalMar sole owner of the company.

2007
Total volume harvested: 64,000 tonnes gutted weight
SalMar shares floated on the Oslo Stock Exchange on 8 May 2007. Acquisition of Halsa Fiskeoppdrett AS (two licences) and Henden Fiskeoppdrett AS (two licences) in Møre & Romsdal. Acquisition of Arctic Salmon AS (four licences) in Nordreisa, Troms.

2008
Total volume harvested: 65,000 tonnes gutted weight
Acquisition of one licence in Central Norway (Møre & Romsdal) and one in Northern Norway (Troms). Senja Sjøfarm AS is renamed SalMar Nord AS. The Company now includes all SalMar's operations in Troms. Acquisition of 34% of the shares in Volstad Seafood AS.

2009
Total volume harvested: 77,000 tonnes gutted weight
Acquisition of the remaining 66% of the shares in Volstad Seafood AS, making SalMar sole owner of the company.

2010
Total volume harvested: 79,000 tonnes gutted weight
Acquisition of 75.54% of Rauma Gruppen AS. Broodfish, two hatcheries and eight fish farming licenses in Central Norway (Møre & Romsdal). Acquisition of 23.29% of the shares in the listed Faeroe Islands company Bakkafrost P/f. Acquisition of Stettefisk AS with two licences in Central Norway (Møre & Romsdal).

2011
Total volume harvested: 104,000 tonnes gutted weight
Completion of the world's most innovative and efficientsalmon harvesting and processing plant - InnovaMar. Acquisition of Bringsvor Laks AS with two licences in Central Norway (Møre & Romsdal). Acquisition of Krifo Havbruk AS with one licence in Central Norway (Trøndelag). Leif Inge Nordhammer steps Down as CEO and is replaced by Yngve Myhre on 6 June. Acquisition of Villa Miljølaks AS with four licenses in Central Norway (Møre og Romsdal). Acquisition of a further 1.5% of the shares in P/F Bakkafrost, bringing SalMar's total shareholding to 24.8%.

2012
Total volume harvested: 116,100 tonnes gutted weight
Acquisition of 10 licenses in Northern Norway (Finnmark) from Villa Artic AS. Acquisition of additional shares in P/F Bakkafrost, bringing SalMar's total shareholding to 25.21%.

2013
Total volume harvested: 128,000 tonnes gutted weight
Acquisition of minority shares in SalMar Rauma AS. Acquisition of 50.4% of the shares in Villa Organic AS. Divestment in P/F Bakkakfrost. New share holding approximately 14.9%. Divestment of remaining 14.9% of shares in P/F Bakkafrost. Following the transaction SalMar has no shares in P/F Bakkafrost.

2014
Yngve Myhre steps down as CEO and is replaced by Leif Inge Nordhammer on 20 January. Nordhammer previously served as SalMar's CEO for a period of 15 years until he stepped down in 2011.

*Total harvest volume SalMar group, incl. 50% of SSF harvest volumes.

Project
OFFSHORE FISH FARMING
– a new era!

Ocean Farming AS is a subsidiary of the SalMar Group - established with the objective to develop offshore fish farming.

"Ocean Farming shall, through the development and implementation of new technologies and through the operational experience, possess the specific expertise required for this next generation of fish farming"

Feasibility studies started in 2012, and during spring 2013, Ocean Farming presented a conceptual solution that is suitable for installation and operation in exposed ocean (offshore) areas. The facility will through industrialized construction and streamlined/automated operations contribute to competitive production costs.

Ocean Farming has received grants from Innovation Norway to develop this project.

The new design combines the best of existing technology and solutions from the Norwegian fish farming industry and the offshore oil and gas sector. The submerged facility is an anchored fixed structure, floating steady in the exposed ocean and is suitable for water depths of 100 to 300 meters, where the aqua biological conditions are more ideal for aquaculture on "the fish's terms". The project is based on proven technology composed for optimal fish farming.

All of the farming operations can be managed onboard the facility without making use of service vessels and outside equipment. This means that the fish can stay inside the net from smolt stocking to harvestable fish. The facility is also equipped with one moveable and two fixed bulkheads that can divide the facility into 3 compartments enabling different fish operations to be performed. To ensure regular cleaning of the nets, spray nozzles will be mounted onto the moveable bulkhead. The facility is fully automated, avoiding heavier manual operations. During normal operation, a crew of 2 – 4 people will monitor and manage the facility. However, it can also be remotely operated. Risk studies performed emphasize that the facility is very secure with respect to possibilities for fish escaping.

Global Maritime AS has performed the technical design/engineering (FEED) of the fish farm. A basin model test has been performed by MARINTEK (Sintef), which confirms a suitable behavior of the facility during harsh weather conditions. In accordance with the oil industry practices, this work will be verified/quality assured by DnV GL through an independent review.

During spring 2014, Ocean Farming will invite tenders for the construction (EPC) of the first ("pilot") facility in the period 2014-2016. A realization of the project is dependent on construction costs and authority framework conditions being acceptable. SalMar has been assigned a very suitable location on Frohavet for this project.

This facility will be specifically prepared for R&D equipment for future development tasks, focused on biological conditions and welfare of offshore aquaculture.

The release of fish and start of farming will at the earliest take place during spring 2016. Feedback from operational experience of the pilot facility will be implemented into a further industrial development of this type of fish farm.

With reference to the Norwegian Authority's "Sjømatmeldingen 2013" there is a significant need for this kind of fish farm to satisfy the industry's ambitions of sustainable fish farming over coming decades.

TECHNICAL INFORMATION

A robust design that enables installation and operation of fish farming in ocean-exposed (offshore) areas with excellent aqua biological conditions.

- Overall height 67 m
- Diameter 110 m
- Volume 245.000 m^3
- Weight 5.600 tonnes
- High HSE standards for fish and personnel
- Automated operations
- Central column equipped with control room, living quarter, utilities, feed silos

THE ABC OF SALMON FARMING

FRY

SMOLT

GROWTH

HARVESTING

SALES

MARKET

TRACEABLE SUPPLY CHAIN

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.

INITIAL FEEDING

When most of the yolk sac has been absorbed, the fry can be moved from the incubator into a fish tank. They are now ready for initial feeding. The water temperature is kept at 10-14 degrees Celsius, and the fry are exposed to dim lighting 24 hours a day. The initial feeding period lasts for six weeks. As they grow the fry are sorted and moved to larger tanks. Well ahead of their "smoltification" all the fish are vaccinated before being shipped by wellboat to the fish farm's marine net-pense.

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.

HARVESTING & PROCESSING

A year after transfer to the marine net-pens, the first fish are ready for harvesting. The fish are transported live by wellboat to the processing plant. There the fish are kept in holding pens, before being carefully transferred to the plant itself. The fish are killed and bled out using high tech equipment, and always in accordance with applicable public regulations. After harvesting the salmon is subject to various degrees of processing.

SALES

The fish is sold either as whole gutted salmon (fresh or frozen), fillets, in individual portions or a wide range of other products, which are distributed to markets around the world.

SALMARS FARMING SEGMENTS IN NORWAY 2013

FISH FARMING - SALMAR CENTRAL NORWAY
(Trøndelag and Nordmøre)
No. of licences: 44
Harvested volume in 2013: 70,000 tonnes gutted weight

Central Norway is the region in which the SalMar Group first established its business. Initially this was based on assets acquired from a company that had gone into liquidation, and which had one licence for the production of farmed salmon and a harvesting and processing plant in Frøya that was designed to handle white fish. Since then both the Group as a whole and the segment have gone from strength to strength. Today SalMar Central Norway controls 44 production licences: 29 in Trøndelag and 15 in Nordmøre. In addition, the segment operates several R&D licences, three of which in association with the research firm ACE (Sintef). The purpose of these licences is to develop more sustainable technologies. The segment also cooperates with VESO on the operation of two licences associated with improved fish health, and is proud of its educational licence, which it operates in conjunction with Frøya Upper Secondary School.

The bulk of SalMar's marine-phase fish farming operations are organised in SalMar Farming AS, and are located in central Norway, stretching from Nordmøre to the Namdal coast. SalMar Central Norway is divided into three regions, south (Nordmøre), central (Frøya – Hitra) and north (Fosen – Nord-Trøndelag). At the close of 2013 the segment employed some 200 people. The environmental conditions for salmon farming in this region are extremely good, with favourable sea temperatures all year round thanks to the Gulf Stream, a high water replacement rate and plenty of suitable locations.

SalMar's fish farms focus on cost-effective operation and maintain a high ethical standard with respect to animal husbandry. In order to contribute to SalMar reaching its goal of being the most cost-effective producer of farmed salmon, there is a continuous focus on sub-goals, such as achieving the fastest possible growth, with the lowest feed factor. The company was quick to introduce its own standards and 'best practices' in order to secure increased efficiency. This involves, among other things, concentrating marine-phase production at large, sustainable facilities with the correct capacity.

On Friday, 28 March 2014 it was announced that SalMar Farming AS had been awarded eight of a total of 15 so-called green licences in Group B.

FISH FARMING - SALMAR NORTHERN NORWAY
(Troms and Finnmark)
No. of licences: 23
Harvested volume in 2013: 30,000 tonnes* gutted weight

SalMar Northern Norway currently holds 23 licences for the production of farmed salmon. Through the Group's shareholding in Villa Organic AS, the segment has a further eight licences at its disposal. SalMar Northern Norway has operations in eight districts, stretching from Harstad in southern Troms to Lebesby in Finnmark. Although the bulk of the fish farms are located around Senja, Finnmark accounts for part of the increase through our sites in Laksefjord. SalMar harvests most of its output locally, and purchases harvesting services for a substantial portion of its volume in Skjervøy, Troms.

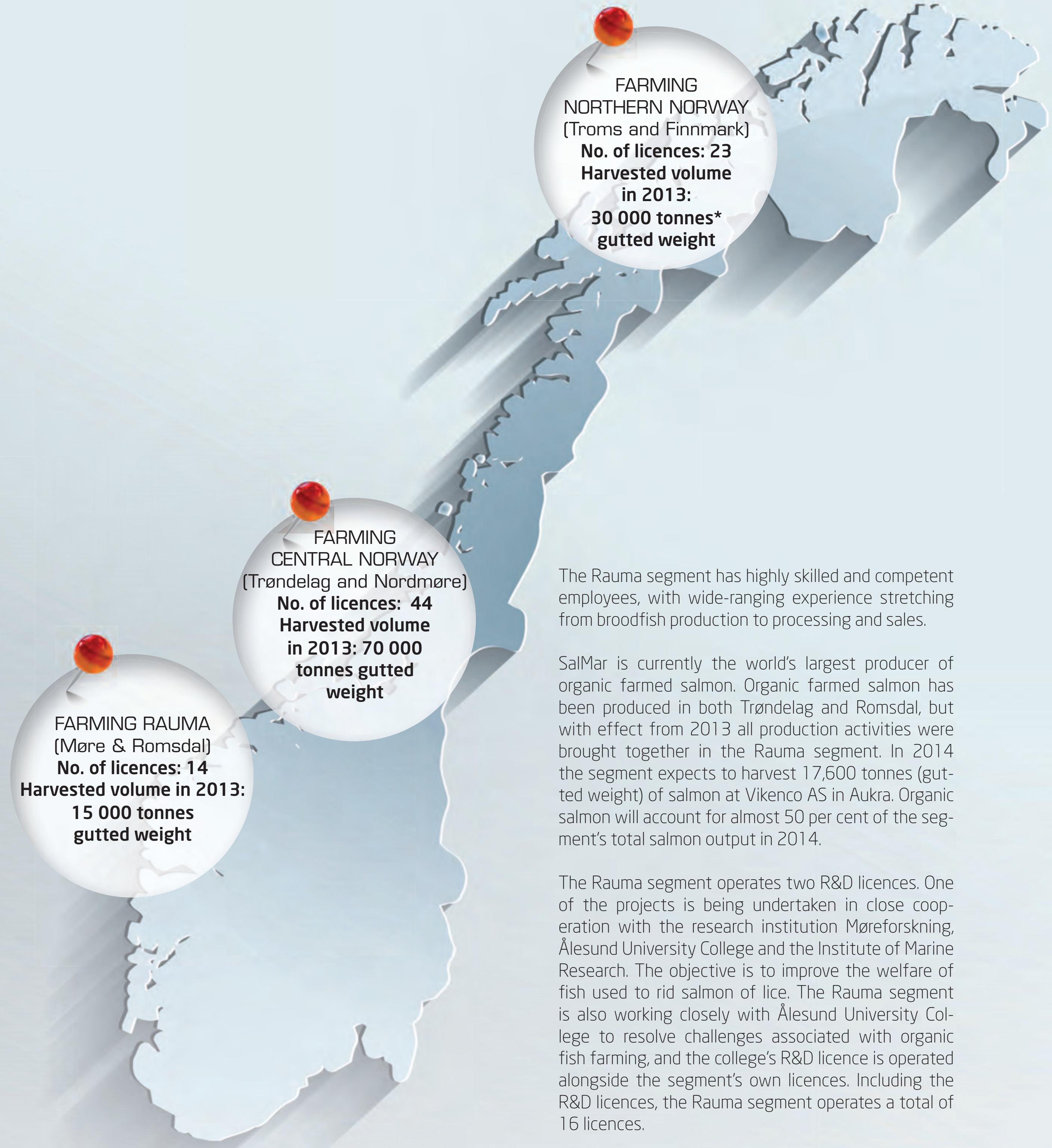
The segment currently has around 98 permanent employees, but additional employees will be recruited in 2014 due to increased activity and output in the region. SalMar Northern Norway has many college-educated employees, who have built up a great deal of experience over the years. Moving forward, the segment will focus more on R&D through our newly acquired jointly operated licence with the research facility Havbruksstasjonen i Troms.

Smolt are also produced in Senja. The company's hatchery is located in Gjørvika, on the Sør-Senja peninsula. Its staff of four permanent employees oversees an annual output in excess of 1.7 million smolt. Substantial groundwork has been carried out at the site in 2013 in preparation for construction of a new building with the aim of increasing annual output to 15 million smolt. Smolt production will be halted during the construction period, and will be resumed when a new hatchery with fresh water recirculation goes into operation in 2016.

SalMar Northern Norway is headquartered in Finnsnes.

We know that it is possible to produce more salmon in Norway, and Northern Norway has a strong potential for further growth. This region poses fewer challenges with respect to disease and salmon lice, has excellent environmental conditions for sustainable production, and plenty of good sites with the potential to increase the maximum allowable biomass (MAB). The planned expansion of smolt production is an important element in the segment's future growth.

* Incl. volumes Villa Organic



FISH FARMING - RAUMA (MØRE & ROMSDAL)
(Møre & Romsdal)
No. of licences: 14
Harvested volume in 2013: 15,000 tonnes gutted weight

The Rauma segment operates 14 marine-phase production licences. These include conventional, organic and broodfish licences. The Rauma segment has operations in eight districts. Although the bulk of its fish farms are located in the Romsdal region, it also has sites in several districts in Sunnmøre. The segment is administered from offices located in Sjøholt.

The Rauma segment has highly skilled and competent employees, with wide-ranging experience stretching from broodfish production to processing and sales.

SalMar is currently the world's largest producer of organic farmed salmon. Organic farmed salmon has been produced in both Trøndelag and Romsdal, but with effect from 2013 all production activities were brought together in the Rauma segment. In 2014 the segment expects to harvest 17,600 tonnes (gutted weight) of salmon at Vikenco AS in Aukra. Organic salmon will account for almost 50 per cent of the segment's total salmon output in 2014.

The Rauma segment operates two R&D licences. One of the projects is being undertaken in close cooperation with the research institution Møreforskning, Ålesund University College and the Institute of Marine Research. The objective is to improve the welfare of fish used to rid salmon of lice. The Rauma segment is also working closely with Ålesund University College to resolve challenges associated with organic fish farming, and the college's R&D licence is operated alongside the segment's own licences. Including the R&D licences, the Rauma segment operates a total of 16 licences.

In 2014 the segment also received further two brood stock licenses to ensure the genetic material of Raumastammen.

Romsdal and Sunnmøre have excellent environmental conditions for sustainable and profitable fish farming, and SalMar has many sites with the potential for expansion and further growth. The Norwegian Food Safety Authority has, in consultation with the aquaculture industry, established a series of infection-control zones, within which all salmon farmers synchronise the fallowing of their sites. This is one of the most important elements in combatting the spread of disease.

OUR VISION

PASSION FOR SALMON

Today, SalMar is one of the world's foremost producers of farmed salmon. Throughout its history company growth has gone hand in hand with outstanding financial performance. The aquaculture industry is developing rapidly, and the potential for further growth is enormous. However, at SalMar we are in no doubt that any growth must be sustainable: environmentally, socially and financially.

In 2014, to reinforce our focus on the elements that have made SalMar the company it is today, we have adopted a new vision that will henceforth guide our steps:

"Passion for Salmon"

Although SalMar continues to pursue its stated aim of cost leadership, it is moving from a focus on outcomes to a focus on performance. We aim for excellence at all levels and in all aspects of our operation.

The new vision will underpin all activities and all actions within SalMar. All decisions relating to production will be made on the basis of our passion for salmon. The fish will be farmed in conditions most conducive to their wellbeing. We believe that the best biological results will pave the way for the best financial results, and thus safeguard our position as the most cost-effective producer of farmed salmon in the world.

This new vision and ambition depend on the existence of a winning culture throughout the organisation. The source of SalMar's corporate culture and the company's cultural tenets is our shared passion for salmon. These tenets underpin our vision and describe the attitudes and conduct expected of all employees.

SALMARS CULTURAL TENETS

WHAT WE DO TODAY WE DO BETTER THAN YESTERDAY

To be the most cost-effective salmon producer demands continuous improvement at all stages of the production process. This tenet is about daring to step into the unknown and develop a culture of winning, where performance is both measured and celebrated.

THE JOB IS NOT DONE UNTIL THE PERSON YOU ARE DOING IT FOR IS SATISFIED

This means that we will meet the expectations of others and demand high standards of each other, in accordance with our own SalMar standards. There are many 'suppliers' and 'customers' in the production chain, and it is only by treating each other with mutual respect that we will succeed.

FOCUS ON THE SOLUTION

Everyone who works for SalMar, regardless of position or place, has a duty to help come up with solutions a nd contribute to improvement processes. We will challenge existing practices and systems, we will jointly implement solutions, and we will talk to, not about, each other.

THE JOB WE DO TODAY IS VITAL TO THE SUCCESS OF US ALL

Although SalMar as a whole numbers more than 800 people, it is vital to develop personal attitudes and an understanding that what happens is up to me and my function. It is therefore vital that everyone is familiar with our vision, objectives and values, and that we support each other on our way to being at all times the lowest-cost supplier of farmed.

WE CARE

To succeed as a team we must also develop the right attitudes towards, as well as respect and care for salmon, co-workers, customers, business associates and the environment. We must think for ourselves but act with loyalty, and always bear in mind that what we are engaged in is food production. og våre relasjoner til samfunnet for øvrig på en positiv måte.

SUSTAINABILITY IN EVERYTHING WE DO

High ethical and moral standards form the basis for developing an even stronger focus on safeguarding the environment that we work in day to day, and that we are the temporary custodians of. We shall not deplete the environment, but ensure that we pass it on unimpaired to the next generation. This is our shared social responsibility, and everything we do must stand up to public scrutiny both today and in the future.

SalMar's corporate culture is constantly evolving, and builds on the success factors that have been cultivated within the company since its inception in 1991. Although the company's culture is affected by both external and internal framework conditions, it remains firmly anchored in a few overarching principles, in particular a strong focus on good husbandry, operational efficiency and safe food production.

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

SUSTAINABILITY AND SOCIAL RESPONSIBILITY WITH HSE IN FOCUS

SalMar intends to secure long-term profitability and growth by operating all aspects of its fish farming and processing activities in a sustainable manner and by acting as a responsible corporate citizen. For SalMar, sustainability means maintaining high ethical standards and helping to further raise awareness of the environment in which we work every day. We shall protect the environment and ensure it is managed in a way that will benefit future generations.

SalMar has a presence in many local communities. The Group is therefore extremely aware of the diverse nature of its social responsibilities: as an employer, an industrial processor, a producer of healthy food, a user of the natural environment, and as a custodian of financial and intellectual capital. We strive to fulfil our corporate social responsibilities, ensure that everything we do bears public scrutiny, and minimise the impact of our operations has on the environment.

SalMar takes a holistic approach to its fish farming activities, and works continuously throughout the organisation to reduce its energy consumption and adopt climate-friendly solutions. SalMar is the world's largest producer of organic farmed salmon, and its conventionally produced salmon is certified in accordance with high HSE standards (GlobalG.A.P., IWAY, Tesco, etc). In 2014 SalMar will start publishing separate sustainability reports in compliance with the principles of the Global Reporting Initiative.

Code of conduct and social responsibility

SalMar's code of conduct and social responsibility has been made known to all employees, and is discussed at the SalMar School's annual seminars. The code of conduct, which also covers SalMar's policies on business ethics and corruption, the working environment and community relations, is intended to contribute towards the development of a healthy corporate culture and uphold the company's integrity. Internal training programmes also highlight how employees can report wrongdoing or other causes for concern. A high ethical standard in all aspects of our business is an absolute requirement, and constitutes the very foundation of SalMar's HSE strategy.

A set of corporate tenets has been drawn up. These tenets describe desired behaviours and provide a shared platform for the actions of all employees. It is the workforce that embodies and develops SalMar's corporate culture. The employees' commitment and positive attitudes have always played a key role in SalMar's success.

The code of conduct and corporate tenets may be obtained from SalMar's website www.salmar.no.

SalMar Standard

In addition to being measured and audited in accordance with statutory regulations and the sustainability requirements of third parties and customers, SalMar has developed its own 'SalMar Standard' performance criteria for the various parts of its operation. The 'SalMar Standard' designation is awarded to those departments which score highly in internal audits. SalMar's internal audits are holistic assessments covering the most important aspects of the statutory regulations, as well as international and customer-specific requirements, on which SalMar bases its production.

HUMAN RIGHTS

SalMar supports and respects internationally recognised human rights by acting responsibly in all areas of its business. This means that the company respects labour rights, opposes any form of child labour, forced labour or discrimination, avoids corruption and is considerate of the environment.

ORGANISATION, WORKING ENVIRONMENT, HEALTH AND SAFETY

Strategic approach to HSE

SalMar's HSE activities are based on our values and our strategic priorities. SalMar has drawn up a set of overarching objectives, with associated activities and action plans. On the basis of these overarching objectives, each individual division and department has drawn up its own local sub-goals. Management is committed to realising the goals that have been set.

In 2013 we intensified the focus on the development of an overarching management structure and tools which can be used to follow up staff. This effort will continue in 2014. Emphasis will be placed on competence enhancement, surveillance and control of key figures and the evaluation of non-conformances.

Risk assessments are carried out in accordance with the Norwegian standard NS 5814, and result in the drawing up of contingency and action plans that are regularly reviewed. Senior personnel have environmental responsibility as part of their job descriptions, and HSE rules and regulations have been drawn up for all employees. All non-conformances are reported, dealt with and evaluated on an ongoing basis. Activities relating to the environment are followed up through systematic monthly reviews by SalMar's management teams. Twice a year, the issue of sustainability, with particular emphasis on the working environment and human safety, is tabled for discussion by SalMar ASA's board of directors.

In addition to risk assessments, evaluations and the thorough analysis of incidents and non-conformances, employee training, internal auditors, safety inspections and seminars for safety representatives are important measures to increase safety in the workplace. Internal consultants are used actively to further raise the quality of the company's improvement efforts. All new employees receive HSE training through induction courses, operational seminars and the SalMar School.

SalMar is an important contributor in the aquaculture industry's efforts to resolve shared challenges with respect to the working environment. In 2013 particular attention has been paid to participation in R&D programmes to protect staff from static electricity in feed hoses.

New corporate governance platform

The first components of a new electronic corporate governance platform were implemented in 2013. In 2014 the platform, including systems for risk assessment, non-conformance handling, document handling and a competence module, will be implemented by all operational parts of the business. At the same time the tool will be further developed to include additional opportunities for performance management and learning across the different units.

Competence development

SalMar uses the competence enhancement programme Ledelse på norsk as a tool for employee and organisational development at various levels within the company. Key elements include management development, the training of internal consultants and use of overarching analytical tools. The programme takes a holistic approach, involving the analysis of personal and professional factors, as well as work processes. The quality of SalMar's in-house evaluation competence is assured partly through collaboration with this external expertise. For SalMar, Ledelse på norsk is an important step towards greater security for people, fish and the surrounding environment.

The SalMar School comprises a series of workshops for all employees, which focus on relevant work-related topics as well as business ethics and attitudes. Through the SalMar School and daily exposure to its corporate and performance culture, the Group constantly encourages the personal and professional development of all its employees. SalMar works continuously to further develop the SalMar School and ensure the sharing of information and experience between the Group's various divisions.

Accidents and injuries

SalMar intends to be a safe place to work. The company works systematically with risk assessment and training to safeguard its employees in a challenging working environment. Nevertheless, we experienced some serious accidents in 2013. The most grievous of these resulted in the death on one person, while another required hospital treatment. This and the other accidents have been investigated in conjunction with the research institute Sintef, and measures have been implemented to prevent similar occurrences in the future.

A total of 26 lost time injuries (LTIs) were registered in 2013, compared with 15 in 2012. Important measures to reduce the number of injuries in 2014 include a continued focus on active use of SalMar's industrial safety organisation and the involvement of employees in all aspects of the company's systematic HSE activities.

Sickness absence

Sickness absence has remained relatively stable in recent years, with a steady fall being seen over the longer term. The sickness absence rate in 2013 came to 5.00 per cent, compared with 4.74 per cent in 2012 and 5.46 per cent in 2011. The processing sector drives up the average, but here too the sickness absence rate is relatively low, compared with the industry average. Short-term sickness absence in 2013 totalled 2.12 per cent, compared with 2.20 per cent in 2012, while long-term sickness absence totalled 2.88 per cent, compared with 2.54 per cent in 2012.

Systematic efforts are being made to implement preventive measures and, where necessary, adapt workplaces and workloads to the needs of individual employees.

Diversity and equality

The Group has published clear policies with respect to diversity and equality in its code of conduct. SalMar accepts no discrimination of employees, shareholders, board members, customers or suppliers on the grounds of ethnicity, nationality, age, gender or religion. Respect for the individual is the cornerstone of the company's policies. Everyone shall be treated with dignity and respect, and shall not be improperly prevented from performing their duties and responsibilities. This position is based on acknowledgement of the fact that a relatively even balance between the sexes and ethnic diversity contribute to a better working environment, greater adaptability and better long-term results.

In 2013 the SalMar Group's workforce corresponded to a total of 999 full-time equivalents, a rise of 177 full-time equivalents from 2012.

Women made up 25 per cent of the SalMar Group's workforce in 2013. Group management comprises five people, of whom one is a woman. The proportion of women is considerably higher in the Group's processing and harvesting plants (InnovaMar and Vikenco) than out at its fish farming and hatchery facilities.

SalMar has employees from 23 different countries with a variety of languages and cultures. Norwegian language tuition in the workplace is strongly emphasised as a way of encouraging well-functioning and cohesive working units.

For employees or job applicants with reduced functional abilities, workplaces and workloads are adapted to meet individual needs.

ANTI-CORRUPTION

SalMar accepts no forms of corruption. No SalMar employee shall, directly or indirectly, offer, promise, give or receive any bribe, unlawful or inappropriate benefit or remuneration in order to achieve advantage for themselves or the company. As part of its anti-corruption measures, SalMar has adopted guidelines with respect to gifts. To date, SalMar has not been accused of or involved in any cases relating to any form of corruption or bribery. The board and management are not aware of any violations of the company's code of conduct in this respect.

ENVIRONMENTAL RESPONSIBILITY

SalMar works systematically to avoid having an undesirable impact on its surroundings. This includes the day-to-day actions of its employees, involvement in research and development, as well as collaboration with government and regulatory authorities, interest groups, other aquaculture companies and suppliers of goods and services.

In addition to focusing on preventing high levels of salmon lice and the escape of salmon from our facilities, particular attention is being paid to sustainable feed, with the emphasis on digestibility, conversion rate and carbon footprint.

SalMar experienced two incidents in which salmon escaped in 2013, with a total of 70 fish lost. The incidents occurred during the collection/sorting of fish in connection with the use of chartered special-purpose vessels. One escaped fish is one too many, and SalMar will continue to work extremely hard to keep the number as low as possible. Given the incidents associated with vessels in 2013, SalMar will focus on close follow-up and audits of external shipowners in the time ahead, and will play an active role in joint industry projects to reduce the risk of fish escaping in connection with use of chartered vessels.

SalMar did not exceed the intervention threshold for salmon lice at any time in 2013.

SalMar has previously reported its greenhouse gas emissions. In recent years the company has growth sharply and undergone major changes. As a result, we find it appropriate to take 2013 as a base line for our future efforts to monitor and reduce our impact on the climate.

CORPORATE GOVERNANCE AT SALMAR ASA

SalMar ASA aims to maintain a high standard of corporate governance. Good corporate governance strengthens public confidence in the company and contributes to long-term value creation by regulating the reciprocal roles and responsibilities of shareholders, the board of directors and the company's management, over and above that which is stipulated in legislation and other statutory instruments.

Corporate governance at SalMar
shall be based on the following main princip*les:*

- SalMar shall maintain open, relevant and reliable communications with the outside world.
- SalMar's board of directors shall be autonomous and independent of company management.
- SalMar shall have a clear allocation of roles and responsibilities between shareholders, the board and management.
- All shareholders shall be treated equally.

1. CORPORATE GOVERNANCE

Compliance and regulations

SalMar's board of directors has overall responsibility for ensuring that the company has adequate corporate governance. The company's board of directors and management perform a thorough annual assessment of its principles for corporate governance.

SalMar is a Norwegian public limited company listed on the Oslo Stock Exchange. The company is subject to Section 3-3b of the Norwegian Accounting Act as well as the Oslo Stock Exchange's requirements for an annual statement of its principles and practices with respect to corporate governance. The Norwegian Corporate Governance Board (NUES) has drawn up a Norwegian Code of Practice for Corporate Governance (the "code of practice"). SalMar complies with the current code of practice, published 23 October 2012. The code of practice may be found at www.nues.no.

Application of the code of practice is based on the 'comply or explain' principle. In other words, companies must comply with the individual provisions of the code or explain why they have not done so.

The company issues a comprehensive annual statement of its principles for corporate governance in its annual report, and this information is available from www.salmar.no. The statement describes how SalMar has conducted itself with respect to the code of practice in 2013.

SalMar deviated from the code of practice with respect to two chapters in 2013: The Nomination Committee's recommendation of board members (Chapter 7), and Senior executives on the board (Chapter 8).

Corporate values, code of conduct and social responsibility

SalMar's core values are based on such principles as equality, quality, care for the environment, focus on work tasks and continuous improvement. The core values are well embedded in the day-to-day operation of the business. Through the SalMar School and day-to-day exposure to SalMar's corporate and performance culture, all employees are given encouragement and opportunities for development. The SalMar School was set up in 2002 and has been further developed each year since then. The SalMar School has been important for the Group's strong corporate culture. For more information on the SalMar culture, please see the annual report and the company's website www.salmar.no.

SalMar has drawn up a code of conduct and social responsibility, 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. The reporting of any wrongdoing or other causes for concern is covered by specific procedures, which also allow employees to report anonymously through an external channel. The code of conduct is available from the company's website www.salmar.no.

SalMar has a presence in many local communities. The Group is therefore extremely aware of the diverse nature of its social responsibilities: as an employer, an industrial processor, a producer of healthy food, as a custodian of financial and intellectual capital, and – not least- as a user of the natural environment. Increased biological control is one of the company's most important focus areas, and is a material prerequisite for long-term success. The company is, among other things, working actively to safeguard fish welfare and prevent salmon from escaping.

One of the company's most important tenets is 'We care'. This permeates the SalMar culture, and ensures a high degree of awareness among employees, both internally and externally, in the areas in which the company operates.

Deviations from the code of practice: None

2. THE BUSINESS

SalMar ASA's objectives are defined in Article 2 of its articles of association:

"The objective of the company is fish farming, the processing and trading of all types of fish and shellfish, and other financial activities related thereto. The company may, in accordance with directives from the relevant authorities, undertake general investment activities, including participation in other companies with similar or related objectives."

SalMar's board of directors has drawn up clear objectives and strategies for the Group. Each business area has developed its own goals in line with these, and strategic priorities have been defined. Within the framework of the above article, SalMar is currently engaged in broodfish and smolt 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 and can be found on the company's website www.salmar.no.

Deviations from the code of practice: None

3. EQUITY AND DIVIDEND

Equity

As at 31 December 2013, the company's equity totalled NOK 5,061 million, which corresponds to an equity ratio of 51 per cent. The board considers SalMar's equity to be adequate in relation to the company's objectives, strategy and risk profile.

Dividend policy

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 operations) 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. Provided the Annual General Meeting approves, the aim is to make annual payments of dividend. The company will also consider the buyback of treasury shares within the authorisation limits granted to the board by the AGM.

Based on the year-end financial results for 2013, the board has proposed payment of a dividend amounting to NOK 8 per share. The company has performed very well in the past year, with high salmon prices and profit growth. The net profit for the year 2013 is the highest in the company's history.

Board authorisations

Authorisations granted to the board are normally time limited, and are valid only up until the next AGM.

The AGM of 5 June 2013 granted the board two authorisations to increase the company's share capital. Both authorisations were extensions of authorisations granted by the AGM in 2012, and since they have different purposes they were, in line with the Norwegian code of practice, considered separately.

The first authorisation allowed the board to increase the company's share capital by up to NOK 2,829,667.5 million, through the issue of up to 11,318,670 shares to finance investments and the acquisition of businesses through cash issues and contributions in kind.

The second authorisation allowed the board acquire the company's own (treasury) shares up to a maximum of 10 per cent of applicable share capital: in other words, up to 10,029,999 treasury shares, with a total face value of NOK 2,507,499.75. The authorisation could be used to purchase company shares in connection with the stock option scheme for senior management and as a means of returning value to existing shareholders.

It follows from the purpose of both authorisations that the board may need to waive existing shareholders' preference rights, which is permitted under the terms of the authorisations concerned.

Both board authorisations are valid up until the next AGM, which will be held on 4 June 2014.

Deviations from the code of practice: None

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

SalMar has only one class of shares and all shares have equal rights. Each share carries one vote.

As at 31 December 2013 SalMar ASA owned 1.3 million treasury shares, which accounts for 1.15 per cent of the company's registered share capital. Transactions involving treasury shares are undertaken on the stock exchange or otherwise at the listed price.

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

In the event of capital increases based on an authorisation issued by the General Meeting of Shareholders, 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 sets out what is required of employees with respect to loyalty, conflicts 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. Board members also have a duty to comply with the company's code of conduct.

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.

Any transactions with related parties are discussed in Note 31 to the 2013 financial statements.

Deviations from the code of practice: None

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.

Deviations from the code of practice: None

6. GENERAL MEETING OF SHAREHOLDERS

The company's highest decision-making body is the General Meeting of Shareholders.

General Meetings of Shareholders are open for participation by all shareholders. Pursuant to Article 7 of the company's articles of association, the Annual General Meeting must be held by the end of June each year.

The 2014 AGM will be held on 4 June at the company's head office in Frøya.

An invitation to attend the AGM will be published on the company's website and will be sent by post to each shareholder whose address is known no later than 21 days prior to the date of the AGM. In accordance with the company's articles of association it is sufficient that documents relating to individual agenda items are made available on SalMar ASA 's website. A shareholder may still ask to be sent documents relating to matters to be discussed at the AGM by post. Case documents must contain all the documentation necessary to enable shareholders to take a standpoint on all matters to be addressed.

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.

Notification of the shareholder's intention to attend must be received no later than five days prior to the date of the AGM. 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.

Deviations from the code of practice: None

7. NOMINATION COMMITTEE

Article 8 of the company's articles of association stipulates 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 for a term of two years. Members may be re-elected. 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.

As at 31 December 2013, the Nomination Committee comprises the following:

- Bente Rathe
- Endre Kolbjørnsen (up for election in 2014)
- Helge Moen (up for election in 2014)

The Nomination Committee shall take into consideration relevant statutory requirements with respect to the composition of the company's governing bodies, as well as principles for corporate governance laid down in the Norwegian Code of Practice for Corporate Governance drawn up by NUES. Proposals for members of the board and Nomination Committee should safeguard the shareholder community's interests and the company's need for competence, capacity and diversity.

The Nomination Committee draws up criteria for the selection of candidates for the board and Nomination Committee, in which both sexes should be represented. The Nomination Committee should, over time, balance the requirements for continuity and renewal in the individual governing body. Relevant candidates must be asked whether they are willing to undertake the office of director or deputy director.

The committee should base its recommendations with respect to the remuneration payable on (a) information about the size of the remuneration paid to elected officers in other comparable companies, and (b) on the scope of work and the amount of effort the elected officers are expected to devote to the task on behalf of the company.

The Nomination Committee's recommendation to the AGM must be published in good time, so that it can be communicated to the shareholders before the meeting takes place. The recommendation shall accompany the invitation to attend the AGM, no later than 21 days before the meeting takes place. The committee's recommendation shall contain information about the candidates' independence and competence, including age, education and work experience. If relevant, notice shall also be given about how long the candidate has been an elected officer of the company, any assignments for the company, as well as material assignments for other group companies that may be of significance.

Deviations from the code of practice:
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 whole and not on each candidate separately.

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

The company does not have a Corporate Assembly.

Pursuant to Article 5 of SalMar's articles of association, 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, while the Vice-Chair is elected by the board itself. 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 and may be re-elected. An overview of the individual directors' competence and background is available from the company's website www.salmar.no. An overview of the individual directors' shareholdings in SalMar can be found in the 2013 annual report.

Independence of the board
SalMar's board of directors is composed such that it is able to act independently of any special interests. Board Chair Bjørn Flatgård also chairs the board of Kverva AS, and is therefore not deemed to be independent. Merethe Holte has during 2014 been employed in Lofotproukter AS, a subsidiary of Kverva AS, and is therefore not considered independent. The other directors, with the exception of Gustav Witzøe, who founded SalMar, are deemed to be independent of senior executives, material business associates and the company's largest shareholders. In matters of material importance in which the Board Chair is, or has been, actively engaged, another director is appointed to chair the board's deliberations. No such matters have been addressed during 2013.

Deviations from the code of practice:
Pursuant to the Norwegian Code of Practice for Corporate Governance, senior executives should not be members of the board of directors. Board member Gustav Witzøe is the founder of SalMar and a member of group management. However, the board considers that 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. Gustav Witzøe is also the company's largest shareholder through his company Kverva AS, which owns 53.4 per cent of SalMar's shares.

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 a set of instructions for the executive management team that clarifies its duties, lines of authority and responsibilities.

The board shall approve the Group's plans and budgets, and shall, no later than December, approve the Group's budget for the coming year. Proposals relating to targets, strategies and budgets are drawn up and presented by management.

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 meets as often as necessary to perform its duties. In 2013 the board held 14 meetings, of which six were by telephone and one by email. The overall attendance rate at board meetings was 91 per cent.

The board makes an annual assessment of its own work and competence. An evaluation of this kind was last conducted in December 2013.

Audit Committee
Pursuant to the Public Limited Companies Act, SalMar has a board-appointed Audit Committee. The committee's main tasks are to monitor the Group's internal control systems, ensure that the auditor is independent and that the financial statements reflect the Group's performance and position in accordance with generally accepted accounting practice. The Audit Committee held five meetings in 2013, with an overall attendance rate of 100 per cent.

As at 31 December 2013, the Audit Committee comprises the following:

- Kjell Storeide
- Tove Nedreberg

Deviations from the code of practice: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

The board is responsible for ensuring that the company's risk management and 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. Specific targets for the internal control effort within the company are drawn up, and are revised annually by SalMar's group management.

The most important risk factor for SalMar is the biological performance of its hatchery and fish farming facilities. The company has an internal control scheme that involves systematic planning, organisation, performance and evaluation of the Group's activities in accordance with both the regulatory framework and internal ambitions with respect to continuous improvement. The company has, among other things, drawn up shared goals for its internal control activities with respect to the working environment and personal safety, the prevention of fish escapes, fish welfare, pollution, food safety and water resources. It is the CEO's responsibility to ensure that the company operates in accordance with all relevant statutes and guidelines associated with operation of the Group's divisions. This also includes acquisition, operation and maintenance of fish farming equipment, as well as the handling of the company's biomass.

Internal control of financial reporting is achieved through day-to-day follow-up by management and process owners, and supervision by the Audit Committee. Non-conformances 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.

Follow-up and control of compliance with the company's values, code of conduct and guidelines for social responsibility 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 financial and risk management systems. Key risk factors for the company are 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 in addition to financial risk (foreign exchange, credit and interest rates). 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.

Deviations from the code of practice: None

11. DIRECTORS' FEES

The Nomination Committee's proposal for the remuneration payable to the board of directors is approved or rejected by 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 26 to the financial statements.

Director Gustav Witzøe is also a member of SalMar's group management, and is remunerated as an employee representative to the board.

Deviations from the code of practice: None

12. REMUNERATION TO SENIOR EXECUTIVES

Pursuant to Section 6-16a of the Public Limited Companies Act, the board of directors has prepared a statement relating to the determination of salaries and other benefits payable to senior executives. This statement will, in line with the said statutory provision, be laid before the company's Annual General Meeting each year. The company shall offer competitive terms and conditions in order to attract and retain key personnel with the necessary competence.

The statement 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 statement. Pursuant to the authorisation given to the board of directors, a share option scheme has been established for key personnel. At the General Assembly in 2013, this program was discontinued. The current program runs until the end of May 2014. Today's compensation scheme is divided into three and comprises a fixed salary, a performance-related bonus (capped at six months' salary), and a share option scheme in line with the board's authorisation.

The board's statement, as well as further details relating to the salary and benefits payable to the CEO and other senior executives can be found in Note 26 to the financial statements

Deviations from the code of practice: None

13. INFORMATION AND COMMUNICATION

Investor relations

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 market players shall have access to the same information, and all information is published in both Norwegian and English. All notices sent to the stock exchange are made available on the company's website and at www.newsweb.no.

SalMar seeks to comply with the Oslo Stock Exchange's recommendations on the reporting of information to investors on companies' websites, last updated on 1 January 2012. The company has, in line with the Norwegian Code of Practice for Corporate Governance, also adopted an 'IR Policy', which is available from the company's website. The CEO, CFO and IRO are responsible for communications with shareholders in the period between AGMs.

Financial information

The company holds open investor presentations in association with the publication of its year-end and interim results. These presentations are open to all, and 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 publishes its provisional year-end accounts by the end of February each year, and a complete set of financial statements, including an annual report, is made available at the latest three weeks before the date of the AGM, and no later than the end of April each year. The company's interim results are published no more than 60 days after the close of the quarter, in line with the Oslo Stock Exchange's regulations.

Quiet period

SalMar will minimise its contacts with analysts, investors and journalists in the final three weeks before publication of its results. During this period, the company will hold no meetings with investors or analysts, and will give no comments to the media or other parties about the Group's results and future outlook. This is to ensure that all interested parties in the market are treated equally.

Financial calendar

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 website www.newsweb.no. The calendar is published before 31 December each year.

Deviations from the code of practice: None

14. ACQUISITION

Investor relations

The board of directors has drawn up guidelines with respect to takeover bids, in line with the Norwegian Code of Practice for Corporate Governance. The guidelines were adopted by the board at a meeting on 29 March 2011, and the board undertakes to act in a professional manner and in accordance with applicable legislation and regulations.

The guidelines shall ensure that the interests of shareholders are safeguarded, and that all shareholders are treated equally. Furthermore, the guidelines shall help ensure that company operations are not unnecessarily disturbed. The board will strive to provide shareholders will sufficient information to enable them to make up their minds with respect to the specific bid.

If a takeover bid has been made, the board will make a statement and at the same time assess whether to obtain a valuation from an independent expert. The board will obtain an independent valuation if a major shareholder, board member, member of the management team, related party or any collaborator of such a related party, or anyone who has recently held one or more of the above-mentioned positions, is either the bidder or has a particular interest in the takeover bid.

The board will not seek to prevent any takeover bid, unless the board is of the opinion that such action is justified out of consideration for the company and the company's shareholders. The board will not exercise any authorisations or adopt other measures for the purpose of preventing the takeover bid. This stipulation may be waived with the approval of a General Meeting of Shareholders after a bid has been announced.

Transactions which, in reality, involve the sale of the company's business shall be laid before a General Meeting of Shareholders for approval.

Deviations from the code of practice: None

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.

Each year the auditor shall draw up the main elements of a plan to carry out auditing activities, 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.

At the 2013 AGM is was decided to engage Ernst & Young as the company's new auditor.

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 consideration 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.

Deviations from the code of practice: None

EXECUTIVE MANAGEMENT

Leif Inge Nordhammer
President and CEO

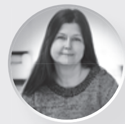
Mr. Nordhammer was the CEO of SalMar ASA from October 1996 to June 2011. Mr. Nordhammer retook the position of CEO in January 2014. He has extensive experience from leadership positions in a variety of fish farming companies, and has worked in the industry since 1985. Previous employers include Sparebanken 1 Midt-Norge and Frøya Holding AS/ Hydro Seafood AS. Mr. Nordhammer holds an education from the army along with a business degree from Trondheim Business School and the University of Trondheim.

Holding as at 31.12.2013:
Shares:
Mr. Nordhammer directly and indirectly owns 2.30% of the shares in SalMar.
Options: None

Bjørn Larsen
Director farming

Mr. Larsen has held the position as head of SalMar´s Farming division since 1997. Prior to his employment at SalMar ASA, Mr. Larsen held various positions in companies within the salmon farming industry, including Frøya Lakseslakteri og Fiskeoppdrett AS, Timar AS and Frøya Holding AS.

Holding as at 31.12.2013:
Shares:130.000
Options: None



Eva Haugen
Director Quality Management/ HSE/HR

Eva Haugen has held the position as Director Quality Management/HSE/HR since 2H 2013. Prior to this position Haugen has been the Head of Quality Management in the SalMar Group since 2005. Haugen has also worked as a quality manager at the factory in Nordskaget in the periods 2001 and 2004. She has several years of experience as a teacher in secondary school subjects such as aquaculture, science and biology. Haugen is a graduate from NTNU in the fields of chemistry, biology and education studies, and holds a degree in ecotoxicology and physiology in salmonids.

Holding as at 31.12.2013:
Shares: 800
Options: None

Gustav Witzøe
Director processing and sales

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.

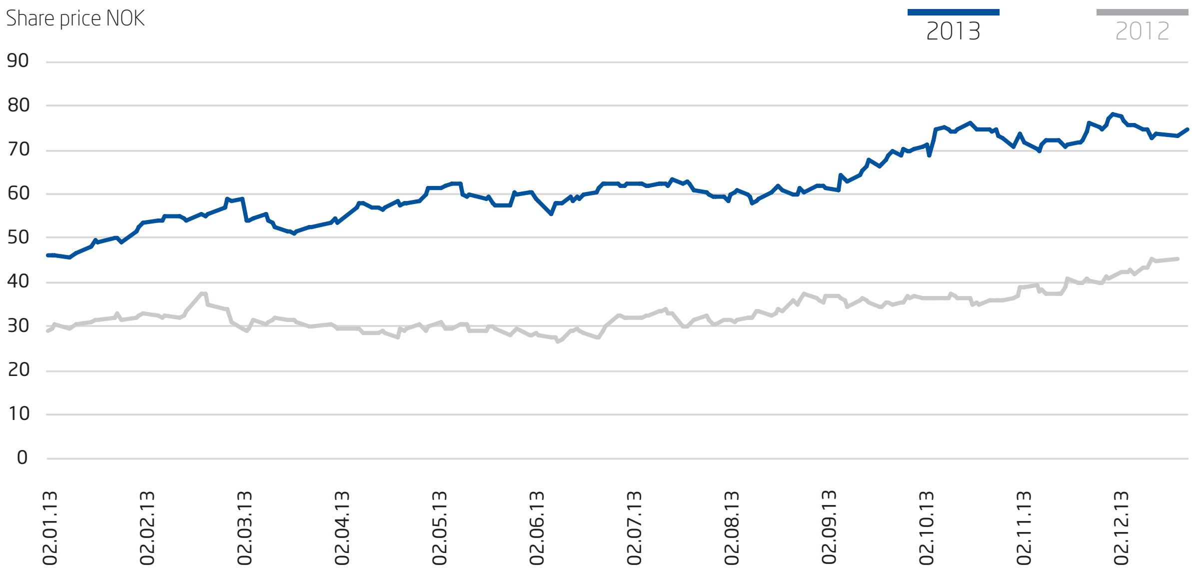
Holding as at 31.12.2013:
Shares:
Mr Witzøe owns 90,85% of Kverva AS, which in turn owns 53.4% of the shares in SalMar ASA. Mr Witzøe is also a director of Kverva AS.
Options: None

Trond Tuvstein
Chief Financial Officer

Trond Tuvstein was appointed as new CFO October 2013. Tuvstein served as Head of Investor Relations in SalMar ASA from January 2012 until October 2013. Tuvstein therefore knows both SalMar and the aquaculture industry well. Mr. Tuvstein is certified public accountant, having completed a Master's degree in Accounting and Auditing at the Norwegian School of Economics and Business Administration (NHH)in Bergen. Mr. Tuvstein has extensive experience from the accounting industry. He has held leading positions in auditors PricewaterhouseCoopers and Systemrevisjon, among others.

Holding as at 31.12.2013:
Shares:12.425
Options: None

SHAREHOLDER INFORMATION



SHARE PRICE DEVELOPMENT

Share price per 01.01.2013 was NOK 44,70 thus valuing SalMar at NOK 5 065 million.
At year-end the share price was NOK 74,00 valuing SalMar at NOK 8 384 million.

TECHNICAL INFORMATION

As at 31 December 2013 SalMar ASA had 113,299,999 shares outstanding, with each share having a face value of NOK 0.25.
As at 31 December 2013 the company had approx. 2,800 shareholders.
The company's VPS number is ISIN NO 001-0310956. Account operator is Nordea Bank.
The company's ticker on the Oslo Stock Exchange is SALM .

IR CONTACT IN SALMAR

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.

If you would like to subscribe to news from SalMar, please send an e-mail to **salmar@salmar.no** so that we can include your e-mail in our news distribution list.

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Head of Investor Relations
Telephone: +47 412 08 630
runar.sivertsen@salmar.no

Trond Tuvstein
CFO
Telephone: +47 918 53 139
trond.tuvstein@salmar.no

Quarterly PRESENTATIONS:
• 1st Quarter 2014 • 22.05.2014
Annual GENERAL MEETING • 04.06.2014
Quarterly PRESENTATIONS:
• 2nd Quarter 2014 • 26.08.2014
• 3rd Quarter 2014 • 19.11.2014

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 annual general meeting will be held at Frøya. Please note that the dates are subject to change. Changes will be communicated.

NAME	Shareholding 31.12.13	Shareholding (%)
KVERVA AS	60 500 000	53,40 %
FOLKETRYGDFONDET	8 730 426	7,71 %
PARETO AKSJE NORGE	3 521 257	3,11 %
LIN AS	2 005 528	1,77 %
ODIN NORGE	1 930 117	1,70 %
PARETO AKTIV	1 482 260	1,31 %
SALMAR ASA	1 300 000	1,15 %
VERDIPAPIRFONDET DNB NORGE SELEKTI	1 072 714	0,95 %
PARETO VERDI	705 112	0,62 %
PENSATO CAPITAL FUNDS	663 874	0,59 %
UBS AG, LONDON BRANCH	614 090	0,54 %
VERDIPAPIRFONDET DNB NORGE (IV)	606 320	0,54 %
VERDIPAPIRFONDET DNB SMB	540 000	0,48 %
J.P. MORGAN CHASE BANK N.A. LONDON	522 300	0,46 %
DELPHI NORGE	520 000	0,46 %
FORSVARETS PERSONELLSERVICE	505 800	0,45 %
STOREBRAND VERDI	501 227	0,44 %
THE BANK OF NEW YORK MELLON	500 000	0,44 %
KLP AKSJE NORGE INDEKS VPF	470 653	0,42 %
J.P. MORGAN CHASE BANK N.A. LONDON	468 218	0,41 %
Total 20 largest shareholders	**87 159 896**	**76,93 %**
Other shareholders	26 140 103	23,07 %
Total	**113 299 999**	**100%**
Shareholders	**2 838**	
Total no. of shares	**113 299 999**	

BOARD OF DIRECTORS' STATEMENT 2013

2013 was a record year for SalMar. Operating revenues reached historic levels as a result of both high salmon prices and a higher volume of fish harvested, while the Group achieved its best ever operating profit. Sales of shares and other non-recurring gains further boosted profit after tax, which came to NOK 1,903 million in 2013.

The SalMar Group generated gross operating revenues of NOK 6,246 million in 2013, up 49 per cent on 2012. The Group increased its harvested volume by 12 per cent, from 103,000 to 115,000 tonnes, which also contributed to the growth in profit.

Operational EBIT rose by 270 per cent from 2012 to 2013, ending the year at NOK 1,259 million, compared with NOK 341 million the year before. The increase is primarily attributable to higher salmon prices.
The board of directors is pleased with the Group's improved financial performance. The market is developing well, and high salmon prices have not negatively affected customer demand.

Operationally, however, 2013 has been a challenging year. Output in the Group's largest fish-farming segment, SalMar Central Norway, was badly affected by outbreaks of disease in the second half. The viral illness PD was identified at several of the segment's production facilities. This resulted in lower output and higher production costs per kg harvested. Cost levels were also affected by the stringent requirements for transport and harvesting that were introduced to reduce the risk of the PD virus spreading further.

The fish-farming segment SalMar Northern Norway had a good year. Operationally, the segment achieved good results, and efforts to integrate and develop new activities in Finnmark have been satisfactory. The planned growth in this region continued in 2013 through the acquisition of Villa Organic.

As in SalMar Central Norway, PD made 2013 a challenging year for the Rauma segment. This segment produces the Group's output of organic salmon. The sharp price increase in the spot market has caused the price premium for organic salmon to shrink, which – along with operational challenges – affected the level of profits achieved.

InnovaMar increased its output volume in 2013, harvesting over 117,000 tonnes of own-produced and external fish during the year. The high salmon prices in 2013 posed a challenge to the secondary processing operation due to high raw materials costs. The financial performance of the sales organisation was strongly affected by the fact that the price of fish sold under contract did not rise in line with the spot price.

2013 was also a good year for Norskott Havbruk. The company generated operating revenues of NOK 1,189.1 million – a record for the company. Operational EBIT came to NOK 221.1 million.

After two years of double-digit growth in the global supply of Atlantic salmon (12 per cent in 2011 and 22 per cent 2012), growth tailed off in 2013, ending the year at around 2 per cent. Preliminary forecasts for 2014 indicate a volume growth of around 5 per cent. Moving forward, SalMar expects strong demand in the most important salmon markets, and therefore continued high salmon prices.

The Group expects to harvest a total of 133,000 tonnes of salmon in 2014, a rise of 16 per cent compared with 2013.

Based on the year-end financial statements for 2013, the board is proposing a dividend payout of NOK 8.00 per share.

THE BOARD OF DIRECTORS

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 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 BI in 1981. Mr Flatgård has board positions with several Norwegian companies. Amongst others he is 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 Glo-Mar AS, Mr Flatgård owns 2.38% 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.

GUSTAV WITZØE
Director

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 90,85% of Kverva AS, which in turn owns 53.4% of the shares in SalMar ASA. Mr Witzøe is also a director of Kverva AS.

HANNE KRISTINE TOBIASSEN
Director/Employee representative

Ms. Tobiassen has worked in SalMar since 2009 when she was hired as Laboratory Manager. From 1 September 2013 she began a new role as Quality Manager in SalMar Processing AS. Prior to joining SalMar, Ms. Tobiassen has worked in various fields related to quality management for companies like Marine Harvest and Frøya Seafood. Ms. Tobiassen holds a degree in Food Technology from Sør-Trøndelag University College.

MERETHE HELENE HOLTE
Director

Ms. Holte has extensive experience in consulting and food industries. Long experience as a consultant in A.T. Kearney (international consulting company) and the food industry in Mills. Ms. Holte is now Partner in Aukner Neuman AS, a Norwegian-based consulting company with core competencies in strategy & business development and organization & management. Ms. Holte has served on the board of SalMar since 05.06.2013.

KJELL A. STOREIDE
Director

Mr Storeide is a graduate of the Norwegian School of Economics and Business Administration (NHH) in Bergen. From1990 to 2004 he was the CEO and co-owner of Stokke Gruppen AS. Mr Storeide is chairman of several industrial companies in Norway. Mr Storeide joined SalMar's board of directors in February 2008.

PÅL GEORG STORØ
Director/Employee representative

Mr. Storø has worked in SalMar since 1991 and since that time hold a number of leading positions in SalMar Processing AS, SalMars harvesting and processing operations.Mr. Storø currently works as a project manager in SalMar Processing.

TOVE ELIN NEDREBERG
Director

Ms. Nedreberg holds the position as CEO of Adresseavisen Gruppen AS and Adresseavisen AS. She has extensive experience at executive level from positions in large corporations, including board positions. Nedreberg has served on the board of SalMar since 31.05.2012.

BUSINESS AND STRATEGY

SalMar ASA is a Norwegian public limited company, whose shares are quoted on the Oslo Stock Exchange under the ticker SALM.

The Group is one of the world's largest and most efficient producers of Atlantic salmon, and is vertically integrated through the entire value chain from broodfish, roe and smolt to harvesting, processing and sales. At the close of 2013 SalMar had a total of 81 wholly owned licences for the production of Atlantic salmon in Norway: 58 in central Norway (Møre & Romsdal, Sør-Trøndelag and Nord-Trøndelag), and 23 in northern Norway (Troms and Finnmark). SalMar is, furthermore, the majority shareholder (50.4 per cent) in Villa Organic AS, which owns 16 licences in Finnmark. In addition, the Group has a substantial harvesting and processing capacity at InnovaMar in Frøya and Vikenco in Aukra.

SalMar owns 50 per cent of Scottish Sea Farms Ltd (through Norskott Havbruk AS), the UK's second largest producer of farmed salmon.

SalMar is headquartered in Frøya, Sør-Trøndelag, and the Group's registered address is 7266 Kverva.

Strategic focus areas

SalMar's board of directors has a clearly defined objective of being the most cost-effective producer of farmed salmon in Norway. It is the Group's opinion that this objective can be realised only through sustainable biological production. To intensify the focus on those actions which create the best biological results, the board has chosen to establish a new vision:

"Passion for Salmon".

To achieve this vision the business must focus particularly on the following:

- Continuous development of the Group's corporate culture and operating model (the "SalMar Standard") in all parts of its operations. All group facilities will be operated in accordance with the same principles and objectives, based on the same values.
- Increased biological control. This is a precondition for long-term success, and SalMar will focus continuously on improving its husbandry, with key focus areas being increased smolt survival rates, reduced levels of lice infestation and efforts to prevent the escape of fish.
- Increased output volume through improved exploitation of existing licences.
- Increased level of processing. This provides efficiency and quality benefits, is good for the environment from a transport point of view, and helps to maintain and develop the local community. Product development will be a key factor to develop the salmon markets and further increase the customer base. InnovaMar represents the cornerstone of this focus area.
- Further development of capacity and competence with respect to sales and distribution.
- Self-sufficiency in high-quality smolt.
- Sustainable development of the aquaculture industry.

Important events in 2013

Buyout of minority interests in SalMar Rauma AS. On 22 March 2013 SalMar agreed to purchase the remaining 24.5 per cent of the shares in SalMar Rauma that were owned by minority shareholders. SalMar paid a total of NOK 69.7 million for these shares, and the transaction brought the Group's shareholding in the company to 100 per cent. SalMar Rauma holds eight licences for the production of farmed salmon in Møre & Romsdal County. In addition, the company produces roe and smolt, and owns its own genetic strain of salmon (the Rauma strain). SalMar Rauma also owns 51 per cent of Vikenco AS, which is engaged in salmon harvesting and processing. For SalMar it was strategically important to gain control of this business because the company has ambitions for further growth in the region, and in future wishes to strengthen its focus on breeding and genetics.

Villa Organic AS. In the period from April to June 2013 SalMar gradually acquired a controlling interest (50.4 per cent) in Villa Organic. Villa Organic is a fully integrated fish-farming group, whose activities span the entire value chain. The company's fish farming activities are located in Finnmark. Villa Organic has a total of 16 licences for the production of farmed salmon. SalMar has agreed with Villa Organic's other major shareholder (Lerøy Seafood Group ASA) to divide the company's operations between them in 2014. SalMar will take over eight licences, thereby gaining overall control of the Laksefjord area in Finnmark. Following the split, which is expected to take place during the second half of 2014, the acquired operations will be integrated into SalMar Northern Norway. Over the past two years, SalMar has thus increased its production capacity in northern Norway by 138 per cent, from 13 to 31 licences.

Investment in P/f Bakkafrost. At the start of 2013 SalMar held almost 30 per cent of the shares in this Faeroe Island fish farming company. The nature of the shareholding changed from strategic to financial after the local authorities, at the start of the year, amended the ceiling for the amount of shares in Faeroes fish-farming operations that could be held by foreign companies. Over the course of 2013 SalMar has divested its entire shareholding in P/f Bakkafrost. The proceeds from the sale totalled NOK 1,122.4 million.

Events after the balance sheet date

At the start of 2014 Yngve Myhre notified SalMar's board of directors that he wished to resign his position as CEO of SalMar ASA. The board immediately embarked on the process of finding Mr Myhre's replacement. On 13 January 2014 the board announced that Leif Inge Nordhammer had been appointed as the Group's new CEO. Mr Nordhammer previously served as SalMar's CEO for 15 years, until he stepped down in 2011.

On Friday, 28 March 2014 it was announced that SalMar Farming AS had been awarded eight of a total of 15 so-called green licences in Group B. The award followed an auction process, with SalMar bidding between NOK 55 million and NOK 66 million per licence. Together these eight licences will cost SalMar a total of NOK 494 million. SalMar has also received two new brood stock licenses to ensure the genetic material of Raumastammen

FINANCIAL PERFORMANCE

Income statement for the SalMar Group

The Group generated consolidated operating revenues of NOK 6,245.9 million in 2013. This is an increase of 49 per cent from the NOK 4,204.8 million achieved in 2012.

Excluding Norskott Havbruk, the Group harvested 115,000 tonnes of salmon, up from 102,600 tonnes in 2012, an increase of 12 per cent. The increase breaks down as follows: SalMar Central Norway, up 4,900 tonnes; SalMar Northern Norway, up 1,400 tonnes; Villa Organic, up 6,100 tonnes. Villa Organic was consolidated with effect from 30 June 2013. Including SalMar's share of the output from Norskott Havbruk (50.0 per cent), the volume harvested in 2013 totalled 128,350 tonnes, which was in line with the Group's previous forecast of 127,000 tonnes.

The price of salmon (NASDAQ) in 2013 averaged NOK 39.82 per kg, compared with NOK 26.95 per kg in 2012. The price rose steadily during the first half, then fell in the third quarter. Prices picked up again in the fourth quarter, with the price in December averaging NOK 50.61. Prices peaked in the final week of the year at NOK 53,92 per kg. Around 26 per cent of SalMar's overall sales volume in 2013 was sold under fixed-price contracts. The term of these contracts varies, but does not normally exceed 12 months. As a result of the continuing rise in prices in 2013, the company's fixed-price contracts remained below the spot price during the entire period.

Some 40 per cent of SalMar's total output was harvested in the first half, while 60 per cent was harvested in the second half. The volume harvested in the second half was evenly distributed between the quarters, but with a relatively small proportion coming in December. As a result, the company was unable to fully benefit from the high prices seen towards the end of the year.

Biologically, 2013 was a challenging year. The consequences of previous outbreaks of PD had a negative impact on costs, both in the form of higher direct fish-farming costs and indirect costs associated with the handling of PD-infected fish. Furthermore, salmon lice have been a growing problem for the industry in general, and SalMar was obliged to increase the number of delousing treatments undertaken during the year. In addition to costs directly relating to delousing, growth rates were also affected as a result of fewer feeding days and poorer appetites on the part of the fish.

Operational EBIT for the SalMar Group totalled NOK 1,259.5 million in 2013, compared with NOK 340.7 million in 2012. Operational EBIT is SalMar's most important measure of its performance under IFRS, since it shows the results of underlying operations during the period. Specific items not associated with underlying operations are presented on separate lines in the consolidate financial statements.

As a result of the high salmon prices, fair value adjustments boosted profits by NOK 528.2 million. The corresponding adjustments in 2012 came to NOK 290.4 million. Fair value adjustments comprise changes in the fair value of the biomass, unrealised effects of forward currency contracts associated with future contract deliveries and Fish Pool contracts, as well as provisions for bad debts. Fair value adjustment of the biomass accounted for NOK 529.4 million in 2013, compared with NOK 268.7 million in 2012. In addition to the price rise, SalMar's total biomass (fish stocks) as at 31 December 2013 was 17,900 tonnes higher than at the same time the year before.

NOK 161.8 million in non-recurring gains associated with the acquisition of companies was recognised in 2013, compared with NOK 62.4 million in 2012.

No particular biological events took place in 2013, such that the Group's operating profit totalled NOK 1,949.4 million in 2013, up from NOK 638.9 million the year before. The 2012 result includes expenses totalling NOK 54.6 million , largely relating to an outbreak of PD in SalMar Northern Norway.

Operationally, SalMar's associates, ie companies on which SalMar's shareholding bestows considerable influence, performed well in 2013, and posted good results. SalMar's share of the profit/loss from these investments totalled NOK 158.0 million in 2013, compared with NOK 93.9 million in 2012.

SalMar divested two of its investments in associates during 2013. Both the investment in P/f Bakkafrost and in Nordskag Næringspark AS have been sold. The recognised gain from these divestments accounts for almost all of the Group's financial income of NOK 374.4 million. SalMar's financial expenses for 2013 totalled NOK 169.6 million, a decrease of NOK 7.8 million compared with the year before. Following the positive contribution from the share transactions, net financial items totalled NOK 214.7 million, bringing profit before tax to NOK 2,322.1 million, up from NOK 608.5 million in 2012. Estimated tax for 2013 came to NOK 418.7 million, compared with NOK 127.1 million in 2012. SalMar's net profit for 2013 as a whole totalled NOK 1,903.4 million, compared with NOK 481.4 million in 2012.

Cash flow for the SalMar Group

SalMar generated a positive cash flow from operating activities of NOK 1,106.0 million in 2013, compared with NOK 186.8 million in 2012. The largest positive items of profit and loss which did not affect cash flow were NOK 528.2 million in fair value adjustments, NOK 158.0 million deriving from the Group's share of the profit/loss from associates, as well as NOK 161.8 million in recognised non-recurring gains from business acquisitions. The largest negative item of profit and loss which did not affect cash flow was NOK 225.8 million in depreciation. Items of profit and loss reclassified as investing activities totalled NOK 341.8 million, and are attributable to recognised gains on the sale of non-current financial assets. Furthermore, the items 'Interest expenses' and 'Option costs' have been reclassified to financing activities. During the period SalMar increased its working capital (change of trade receivables, inventory, trade payables, etc) by NOK 417.6 million. SalMar paid NOK 6.5 million in corporation tax in 2013.

Cash flow from investing activities was positive in the amount of NOK 698.7 million during the period, compared with a negative cash flow of NOK 374.3 million in 2012. A total of NOK 299.2 million was invested in operating equipment during the period, the bulk of which is associated with biological production on land and at sea. This has been necessary to exploit the company's biological growth potential, as well as meet increasing requirements for equipment and technology. The acquisition of the majority shareholding in Villa Organic AS is part of SalMar's strategy for growth in northern Norway. The acquisition involved a payout of NOK 170.1 million. Dividend received from associates totalled NOK 60.0 million and proceeds from share transactions generated combined net receipts of NOK 1,190.1 million.

Net outgoings from financing activities in 2013 totalled NOK 790.0 million, compared with a positive cash flow of NOK 196.0 million in 2012. Interest-bearing debt totalling NOK 590.8 million was repaid in 2013. This includes ordinary instalments on long-term borrowings, instalments on leasing liabilities, a reduction in drawdowns on revolving credit facilities, and the redemption of a bond loan in Villa Organic AS. In addition, the Group has taken out a new long-term loan amounting to NOK 50.0 million in connection with the refinancing of Villa Organic AS. The loan was granted by the company's largest minority shareholder. The Group paid net interest of NOK 158.1 million in 2013, NOK 16.3 less than in 2012. A further NOK 20.6 million was paid out in connection with the Group's option scheme. At the end of March 2013 the minority shareholders in SalMar Rauma were bought out for NOK 69.7 million.

In total, this gave SalMar a net cash flow of NOK 1,014.6 million in 2013, which increased the company's holdings of cash and cash equivalents to NOK 1,071.0 million at the close of the year. Furthermore, SalMar had unused drawing rights of NOK 2,039.3 million at the close of the year, NOK 819.3 million of which comes from a revolving business overdraft. Other drawing rights are restricted to investments and strategic growth.

Balance sheet for the SalMar Group
As at 31 December 2013 SalMar's total balance sheet stood at NOK 9,931.5 million, an increase of NOK 2,304.7 million since the end of 2012.

The Group's intangible assets rose by NOK 328.6 million, largely from the acquisition of 16 new production licences held by Villa Organic AS. The Group recognised NOK 2,464.1 million in intangible assets at the close of 2013.

Investments in property, plant and equipment in excess of depreciation came to NOK 446.3 million in 2013. NOK 312.2 million of this can be attributed to the capitalisation of the leasing agreement with respect to the InnovaMar processing plant. The leasing agreement was renegotiated in 2013, and the new terms resulted in the agreement being reclassified for accounting purposes as a financial leasing agreement. Furthermore, the consolidation of Villa Organic AS and the acquisition of Atlantic Cod AS boosted the item 'Property, plant and equipment' by a total of NOK 150.6 million. The book value of property, plant and equipment at the close of the year totalled NOK 1,859.3 million.

The Group's non-current financial assets totalled NOK 408.7 million at the close of 2013. This was largely made up of the investment in Norskott Havbruk. The decline from the end of 2012 is due to the sales of shares in P/f Bakkafrost and Nordskag Næringspark AS

The largest increase in the Group's recognised assets from 2012 to 2013 was a NOK 1,947.7 million rise in current assets. The value of biological assets rose as a result of both an increase in the volume of the standing biomass and higher market prices at the close of 2013 compared with 2012. Stocks of other goods, ie raw materials and finished goods, decreased. The length of credit afforded to customers was also reduced, such that higher sales revenues in the period did not result in higher trade receivables at the close of 2013 than at the close of 2012. As a result of the positive cash flow generated by the Group in 2013, holdings of cash and cash equivalents increased to NOK 1,071.0 million at the close of the year.

At the close of 2013 the Group had total equity of NOK 5,060.8 million, up from NOK 2,967.7 million at the close of 2012. This corresponds to an equity ratio of 51.0 per cent and 38.9 per cent respectively.

Net interest-bearing debt (interest-bearing debt less cash and cash equivalents) totalled NOK 1,772.4 at the close of the year, down from NOK 2,764.4 million at the close of 2012. Next year's instalments on interest-bearing debt total NOK 268.0 million. Leasing liabilities totalled NOK 529.5 million at the close of 2013. The Group's main source of financing is with a consortium of Nordic banks and runs until the first half of 2016. The financing agreement covers both an overdraft facility for day-to-day operations and an acquisition framework. The overdraft is capped at NOK 750 million. Other unused drawing rights totalled NOK 1,220 million at the close of 2013. Unused drawing rights on other financing agreements totalled NOK 69.3 million.

The increase in the Group's assets in 2013 is attributable to a NOK 2,093.0 million increase in equity, a NOK 23.7 million increase in interest-bearing debt, and a NOK 187.9 million increase in interest-free liabilities.

Reporting segments
Fish-farming – SalMar Central Norway
SalMar Central Norway generated gross operating revenues of NOK 2,702.0 million in 2013, compared with NOK 1,727.7 million in 2012. Operational EBIT totalled NOK 924.2 million in 2013, compared with NOK 202.6 million in 2012.

Operational EBIT per kg gutted weight came to NOK 13.2 for the year as a whole, up from NOK 3.1 in 2012. The increase is attributable to higher salmon prices. Largely due to disease, the cost of the biomass harvested during the year was higher than in 2012. The segment's production facilities were severely affected by outbreaks of the viral illness PD. Infection let to low growth, and therefore higher production costs per kg harvested fish. Special precautions associated with the transport of infected fish also increased costs both directly and indirectly.

SalMar Central Norway harvested a total of 70,200 tonnes of salmon in 2013, compared with 65,300 tonnes in 2012. SalMar postponed the harvesting of some volumes from the fourth quarter 2012 to the first quarter 2013 to make the most of more favourable prices and ensure a more consistent supply of fish to InnovaMar. A total of 33,700 tonnes was harvested in the first half, and 36,500 in the second half. The volume harvested in the second half was lower than planned as a consequence of the decrease in output due to PD.

SalMar Central Norway expects to harvest around 73,000 tonnes in 2014, up 4 per cent from 2013.

Fish farming – SalMar Northern Norway
SalMar Northern Norway generated gross operating revenues of NOK 912.7 million in 2013, compared with NOK 692.0 million in 2012. Operational EBIT totalled NOK 320.2 million in 2013, compared with NOK 83.3 million in 2012.

Operational EBIT per kg gutted weight came to NOK 13.50 in 2013, up from NOK 3.70 in 2012. 2013 was a satisfactory year for SalMar Northern Norway. Operating profit in the first half was negatively affected by the fact that a large proportion of the harvested biomass stemmed from newly acquired licences in Finnmark, whose cost per kg harvested fish was NOK 3-4 higher than in the second half. The cold winter, and resultant low sea temperatures, also had a negative effect on fish growth. At the same time, revenues were reduced due to lower sales prices on fish suffering from winter sores. In Troms, substantial volumes were harvested in the second half, though much of the biomass harvested at the start of the period achieved significantly lower prices than the average for the period as a whole. The segment's biological assets developed well in the latter part of the year, while underlying costs were reduced.

Integration of the acquired business in Finnmark has proceeded as planned. The company has good control of day-to-day operations, the biological status is good, and costs are falling steadily.

SalMar Northern Norway harvested a total of 23,800 tonnes in 2013, compared with 22,400 tonnes in 2012. A substantial 18,700 tonnes was harvested in the second half of 2013. The acquisition of ten licences from Villa Arctic AS in February 2012 has increased the segment's total MAB in this area by 77 per cent to 21,735 tonnes.

During 2013 SalMar acquired a majority shareholding in Villa Organic AS. With effect from the third quarter 2013 this business has been reported as a separate segment. The plan is for Villa Organic to be split up with effect from the second half of 2014. The acquired business will then be integrated into SalMar Northern Norway. On this basis, the Group expects SalMar Northern Norway to harvest around 38,000 tonnes in 2014, a 60 per cent increase compared with 2012.

Fish-farming – Rauma
The Rauma segment generated gross operating revnues of NOK 595.4 million in 2013, compared with NOK 419.4 million in 2012. Operational EBIT totalled NOK 161.9 million in 2013, compared with NOK 0.8 million in 2012.

Operational EBIT per kg gutted weight came to NOK 10.90 in 2013, up from NOK 0.10 in 2012. The segment posted good results in the first half, since the fish harvested came from high-performing sites. In the second half, the segment was – in the same way as SalMar Central Norway – affected by outbreaks of the viral illness PD. Low growth rates and quality issues affected both production costs per kg harvested fish and the sales price achieved. This segment is responsible for SalMar's breeding and genetics activities. The segment's results were affected by the fact that a large portion of the breeding stock has been destroyed as a result of Infectious Salmon Anaemia (ISA). The segment is also responsible for the Group's output of organic salmon. Although organic salmon is more expensive to produce than conventional salmon, it commands higher and more stable prices. However, the price premium fell steadily in 2013 due to rising spot prices.

The Rauma segment harvested 14,900 tonnes of salmon in 2013, on a par with the year before. The segment expects to harvest around 17,000 tonnes in 2014, an increase of 14 per cent.

Villa Organic
Late in June 2013 SalMar acquired a majority shareholding in the Villa Organic group of companies, consolidating it into the Group's financial statements with effect from 30 June 2013. SalMar and Lerøy Seafood Group, the other major shareholder in Villa Organic, have agreed to divide the entity between them will effect from the second half of 2014. Until the split takes place, Villa Organic will be reported as a separate segment. After the split, the operations taken over will be reported as part of SalMar Northern Norway.

Villa Organic generated gross operating revenues of NOK 314.5 million in the second half of 2013. Operational EBIT during the same period totalled NOK 54.4 million. The entity harvested 6,100 tonnes during the period and achieved an operational EBIT per kg of NOK 8.90.

The fish harvested during the period cost less to produce than anticipated. Operational changes were implemented once the new owners were in place, primarily to reduce the biological risk and effect cost synergies. These measures have been successful. The operational changes have resulted in restructuring costs, which have been charged to expenses during the period.

Villa Organic expects to harvest around 10,000 tonnes during the first half of 2014.

Sales and Processing

The Sales and Processing segment sells the entire Group's harvested volume, with the exception of Villa Organic. The segment generated gross operating revenues of NOK 6,047.4 million in 2013, up from NOK 4,231.3 million in 2012. Operational EBIT was negative in the amount of NOK 160.9 million in 2013, compared with a positive figure of NOK 55.0 million in 2012.

The steady rise in salmon prices through the year affected the sales operation in 2013. The effect of the Group's fixed-price contracts is recognised in this segment. In 2013 almost 26 per cent of the volume was sold under contract. The contract price achieved was several kroner lower than the spot price throughout the period, which explains a large portion of the negative result.

InnovaMar had a challenging second half. The sanitary harvesting of a substantial volume of PD-infected fish affected cost levels. PD-infected fish have been harvested at the same time as the well-boat has been tied up at the quayside, since infection-prevention rules require direct unloading. This has resulted in a higher than normal amount of overtime. Overall, around 117,800 tonnes of fish were harvested at InnovaMar in 2013, up from 100,200 in 2012. Almost 44,600 tonnes of this derived from external sources. Efficiency at the harvesting plant has been satisfactory. Due to high raw materials prices, output at the secondary processing plant has been lower than is considered desirable. Nor has the operation achieved the optimal product mix for the facility's capacity. This has resulted in production adjustments and inefficiencies. In addition, the high volume of sanitary harvesting has proved challenging with respect to the quality of the raw material, with the consequences this has on the percentage going to waste.

Associates

Norskott Havbruk

Norskott Havbruk generated gross operating revenues of NOK 1,189.1 million in 2013, up from NOK 936.6 million in 2012. Operational EBIT totalled NOK 221.1 million in 2013, up from NOK 55.3 million in 2012.

Operating profit per kg gutted weight came to NOK 8.20 in 2013, up from NOK 2.00 in 2012. The improvement can largely be ascribed to the rise in prices. The company's biological status is satisfactory, with disease and lice being dealt with effectively.

The high proportion of contract sales affected margins in 2013. Around 50 per cent of the company's output is sold under contract. In 2013 as a whole, the company harvested 26,900 tonnes, down from 27,100 tonnes the year before. The company expects to harvest around 25,000 tonnes in 2014.

Norskott Havbruk is recognised as an associate, with SalMar's share of the company's profit/loss after tax and fair value adjustment of the biomass (50.0 per cent) being recognised as financial income. SalMar's share of the profit/loss after tax came to NOK 101.1 million in 2013, compared with NOK 17.6 million in 2012.

The parent company's financial statements and allocation of the profit for the year

The parent company, SalMar ASA, is a shareholding and administrative entity. Group management and administrative resources are employed by this company. In 2013 it employed a total of 21 full-time equivalents.

The company made a net profit for the year of NOK 815.3 million, compared with NOK 699.9 million in 2012. The bulk of the company's revenues derive from investments in subsidiaries and associates. 2013 was a good year for the company's subsidiaries, and a total of NOK 436.2 million has been recognised in dividends/group contributions. Furthermore, the company sold two of its investments in associates: P/f Bakkafrost and Nordskag Næringspark AS. The recognised gain on the sale of these investments totals NOK 565.9 million for the parent company. In addition, SalMar ASA administers the Group's main sources of financing, and received NOK 98.3 million in interest income from subsidiaries. Interest expenses associated with group financing totalled NOK 118.0 million.

SalMar ASA had capitalised assets of NOK 4,925.2 million at the close of 2013. Non-current assets accounted for NOK 3,499.4 million of this amount, with loans to subsidiaries coming to NOK 2,371.6 million. Non-current receivables totalled NOK 508.8 million, and are largely made up of dividend/group contributions receivable from subsidiaries. The company had cash and cash equivalents of NOK 916.9 million at the close of the year. Equity as at 31 December 2013 totalled NOK 1,529.7 million, which corresponds to an equity ratio of 31 per cent. Non-current liabilities are entirely made up of interest-bearing debt, and total NOK 1,991.7 million. Current liabilities total NOK 1,403.8 million, of which NOK 896.0 million have been allocated to dividend.

The board is proposing the payment of a dividend of NOK 8.00 per share for the 2013 financial year. The board proposes the following allocation of the profit for the year:

- Dividend provision	NOK 896,0 million
- Transferred from other equity	NOK -80,7 million
- Total	NOK 815,3 million

At the close of the year the company had distributable reserves of NOK 1,500.0 million.

GOING CONCERN

The financial statements for 2013 have been prepared on the assumption that the company is a going concern, as stipulated in Section 3.3a of the Norwegian Accounting Act. With reference to the Group's financial results, financial position and forecasts for years to come, it is hereby confirmed that grounds for this assumption do exist. In the assessment of the board of directors, the Group's financial position and performance are sound.

RISKS AND RISK MANAGEMENT

Risk management is a key function of the management team. The Group has systems and routines in place to monitor important risk factors in all business areas, and particular emphasis is placed on the control and follow up of production facilities in accordance with the quality handbook and defined operating standards.

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

Operational risk

The largest operational 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 keep abreast of 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.

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 the authorities, including the Norwegian Food Safety Authority's absolute threshold for the initiation of remedial measures. SalMar has good control of lice numbers at its facilities, and did not breach the threshold for the initiation of such measures in 2013.

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 first in-house produced wrasse will be released into the net pens in 2014. The level of salmon lice infestation at Norwegian fish farming operations has recently been on the rise, and the focus on this issue is now more intense than it has been for some time.

It is also important that production take place in areas which have the capacity and sustainability for the volumes being produced. To ensure the quality of the fish farming facilities, routine measurements and Modelling – On-growing fish farm – Monitoring (MOM) surveys are carried out.

In general terms SalMar's uncompromising focus on biological quality and control means that it chooses solutions and implements measures which safeguard long-term biological security over short-term financial gain.

Financial risk

The follow up of internal controls associated with financial reporting is carried out through management's day-to-day supervision, the process owners' follow up and monitoring by the Audit Committee. Non-conformances and improvement areas are followed up and remedial measures implemented. Financial risk is managed by a central unit at head office, and financial hedging instruments are employed where they are considered appropriate.

Foreign exchange risk

The bulk of the Group's output is sold internationally, with accounts settled largely in EUR, USD, GBP and JPY. Changes in exchange rates therefore represent both a direct and indirect financial risk for the Group. Sales in foreign currencies are hedged on the transaction date, while contract sales are hedged when the contract is entered into. The company uses forward contracts as hedging instruments. Foreign exchange exposure linked to the Group's costs is, however, limited, since input factors and salaries are paid largely in NOK (Norwegian kroner). All interest-bearing debt is, moreover, in NOK. Use of forward currency contracts is described in Note 12 to the financial statements.

Interest rate risk

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

Price risk

SalMar's entire business is related to salmon, and is therefore directly and indirectly affected by developments in salmon prices. The Group's profitability and cash flows are strongly correlated with movements in the price of salmon. Historically, salmon prices have been highly volatile seen in an annual, quarterly and monthly perspective. In 2013 the spot price of Atlantic salmon fluctuated between NOK 28.64 and NOK 53.92 per kg, measured weekly.

The global salmon market is largely a fresh-fish market, where most of the fish harvested is sold immediately to processing companies or directly to the consumer. For several years growth in demand has been relatively stable, while growth in supply has varied more substantially from year to year. In addition to planned output volumes defined by the number of smolt released, supply is also affected by a number of external factors. Fluctuations in sea temperatures, the spread of salmon lice and outbreaks of disease are all factors which, directly or indirectly, affect fish growth and thus supply. As a consequence, relatively substantial variations in supply may occur within short periods of time. With relatively stable demand, this can result in considerable price instability.

SalMar sells a portion of its output through fixed-price contracts. The Group has drawn up guidelines for such contracts to limit exposure to salmon price volatility. It is the Sales and Processing segment which sells the entire Group's harvested volume, with the exception of that produced by Villa Organic. The impact of the Group's fixed-price contracts is therefore recognised in this segment's financial statements. Almost 26 per cent of the Group's volume was sold under fixed-price contracts in 2013. Contract prices were several Norwegian kroner lower that the spot price throughout the entire period.

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. Nevertheless, the economic downturn experienced in large parts of the world in recent years has led SalMar to tighten its commercial terms and focus more strongly on the follow up of trade receivables.

The Group does not have any significant credit risk associated with an 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 who have not previously had material payment problems, and that outstanding sums do not exceed defined credit limits.

The bulk of the Group's trade receivables is 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.

SalMar's objective is to have sufficient cash, cash equivalents or medium-term credit facilities to meet its short-term funding requirement. The Group engages in active cash management, and prepares rolling cash-flow forecasts to ensure that it has sufficient liquidity at all times. Furthermore a flexible financing structure is maintained through established credit lines. Unused credit facilities are described in the comments on the Statement of Cash Flow.

The Group's equity ratio, its prospects for future profits and current credit facilities mean that the Group's liquidity risk is considered to be low.

RESEARCH AND DEVELOPMENT

The Norwegian aquaculture industry has experienced a period of dramatic growth. Around 100 tonnes of farmed salmon was produced in the early 1970s, while in 2013 output exceeded 1.2 million tonnes. This growth has been made possible by the industry's unfailing desire to improve and create new, more secure and more efficient ways of producing salmon. Research and development has been an essential part of that effort. The industry has depended on close cooperation with public authorities as well as other commercial, academic and research centres. In a short space of time this collaboration has transformed fish farming from a small niche activity on the shoreline into a modern aquaculture industry that employs thousands of people along the entire Norwegian coast. The aquaculture industry is still young, and a great deal of R&D is required to lift the sector to new heights.

SalMar is Norway's third largest producer of farmed salmon, and the Group is an important contributor to the development of the industry. SalMar gives a high priority to the development of specialist knowledge and production skills within its business areas. Knowledge and 'best practices' are developed and disseminated to the entire organisation through the SalMar School. Management in each business area is responsible for identifying and initiating projects and initiatives that can help further develop the Group's competence.

In 2013 SalMar continued existing and implemented a number of new development projects linked primarily to biological production. The projects are a combination of in-house initiatives and projects undertaken in partnership with other fish farming companies, the research establishment Sintef, various veterinary institutes and other centres of expertise.

SalMar has over 20 R&D projects underway, and is continuously initiating new ones. The projects relating to biological production focus on feed composition/feeding strategies, various methods for combatting salmon lice, ways to get more out of the production licences and optimal use of equipment in bad weather, which in turn increases fish wellbeing and reduces the risk of escape.

In 2013 intensive efforts have been underway to develop a new concept for offshore fish farming. This work has been led by the subsidiary Ocean Farming AS. Investigations got underway in 2012, and in the spring of 2013 Ocean Farming AS unveiled a technical concept for a fish-farming facility robust enough to be installed and operated close to the open sea. The concept is based on solutions from the aquaculture industry and Norwegian offshore oil and gas industry. With this new concept, fish-farming facilities can be located further out to sea, in areas that are biologically better suited than those in use today and that are also further way from areas critical to the development of wild salmon populations. The new holding pen design will allow considerably better water circulation than current net pens, and will significantly reduce the risk of fish escapes and salmon lice infestation. So far SalMar has invested more than NOK 20 million in the development of this concept. The Group has already obtained approval for the establishment of the first 'blue sea' fish farm at a location in Frohavet. However, realisation of the project will depend on final cost estimates and the authorities' willingness to provide the necessary framework conditions for this major technological advance. A final investment decision may possibly be taken by the end of 2014.

Since the early 2000s the Group has operated a number of R&D licences in partnership with Sintef and VESO (a research centre for veterinary medicine), among others. The purpose of the collaboration with Sintef has been to develop better technologies for sustainable fish farming, while the collaboration with VESO aims to research measures to improve fish health, including the development of better vaccines.

In the area of secondary processing SalMar is working continuously to increase the efficiency of work processes to ensure cost-effective operations and develop ever better products for its customers. Furthermore, SalMar is very conscious of its environmental responsibility, and works constantly to protect the environment by, among other things, reducing the amount of packaging used and need for transport.

SalMar devotes considerable resources to staying at the forefront in the development of 'best practices' and new, environment-friendly solutions throughout the value chain.

ORGANISATION, SUSTAINABILITY AND SOCIAL RESPONSIBILITY

It is SalMar's goal to be a responsible corporate citizen and a sustainable producer of farmed fish and processed products. As an employer, SalMar aims to provide a safe and developing workplace. The Group works continuously to enhance measures and processes associated with health, safety and the environment (HSE), as well as provide professional development opportunities for managers and employees through, among other things, the SalMar School.

Pursuant to section 3-3c of the Norwegian Accounting Act, the board of directors has drawn up guidelines covering business ethics and corporate social responsibility. These are available from the Group's website www.salmar.no. SalMar's activities in the area of social responsibility, including human rights, labour rights, the working environment, equality, discrimination, anti-corruption and the external environment, are described in a separate section of this annual report on pages 23-25.

SHARES AND SHAREHOLDERS

SalMar's shares traded at prices ranging from NOK 45.00 to NOK 77,5 in 2013. The final closing price on 30 December, the last day of trading in 2013, was NOK 74.00.

The Annual General Meeting of 5 June 2013 authorised the board to increase the company's share capital. The authorisation was an extension of one granted at the 2012 AGM.

The authorisation permits the board to increase the company's share capital by up to NOK 2,829,667.50 though the issue of up to 11,318,670 shares in order to finance investments and the acquisition of businesses through cash issues and contributions in kind, as well as reward senior executives participating in an ongoing option programme.

Given the purpose of the authorisation, the board of directors may need to waive the preference rights of existing shareholders. Such a move is allowable under the terms of the authorisation. The AGM also authorised the board of directors to acquire the company's own (treasury) shares in an amount such that the total holding of treasury shares does not at any time exceed 10 per cent of the outstanding share capital. The authorisation may be used to purchase company shares in connection with the stock option scheme for senior management and as a means of returning value to existing shareholders.

All authorisations granted to the board remain valid until the 2014 AGM, which will be held on 4 June.

SalMar ASA has one main shareholder, Kverva AS, which owns 53.4 per cent of the company's shares. Kverva AS is controlled by SalMar's founder Gustav Witzøe, who is also a member of the board of directors and of group management in his capacity as director of business development/processing.

The company's 20 largest shareholders own a total of 76,9 per cent of the shares. As at 31 December 2013 SalMar ASA was the seventh largest shareholder with a holding of 1.3 million shares or 1.1 per cent.

SalMar acquired no treasury shares in 2013.

The articles of association contain no stipulations limiting the transferability of the company's shares. Furthermore, the company is not aware of any agreements between shareholders that limit the possibility of trading in or exercising voting rights with respect to shares.

CORPORATE GOVERNANCE

SalMar has carried out a thorough review of its principles for corporate governance. The Group complies with the legislation, regulations and recommendations to which a public limited company is subject, including Section 3-3b of the Norwegian Accounting Act on corporate governance, day-to-day obligations of a company listed on the Oslo Stock exchange and the current version of the Norwegian Code of Practice for Corporate Governance. 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 two employee representatives. Three of the board members are women, including one employee representative. Female representation among the shareholder-elected directors corresponds to 40 per cent, which is in compliance with Norwegian legislation.

Changes in board membership
At the Group's AGM on 5 June 2013 Bjørn Flatgård and Gustav Witzøe were re-elected as board members for a period of two years. At the same time Merethe Holte was elected as a new director for a period of two years. She replaced Nina Udnes Tronstad.

Changes were also made to the employees' representatives on the board. Pål Georg Storø and Hanne Tobiassen replaced Alf Jostein Skjærvik and Monicha Seternes.

Information relating to the competence and background of the various board members is available from SalMar's website www.salmar.no.

At the same AGM Bente Rathe was elected as a new member of the Nomination Committee for a period of two years. She replaced Therese B Karlsen.

MARKETS

Following increases in the global supply of Atlantic salmon of 12 per cent in 2011 and 22 per cent in 2012, production grew by a mere 2 per cent in 2013. Just over 2 million tonnes of Atlantic salmon were harvested worldwide in 2013. Norway reduced its overall output by 3 per cent, or around 40,000 tonnes, during the year. Chile continued to expand its production, and the region increased its output of salmon by 29 per cent, corresponding to just over 100,000 tonnes. Output in North America fell by 13 per cent or some 21,000 tonnes during the period, while developments in the other markets remained relatively stable.

Overall, Norway exported around 1,100,000 tonnes round weight of Atlantic salmon in 2013, a decrease of 3 per cent from 2012. However, the value of these exports rose by 35 per cent. Salmon worth almost NOK 40 billion was exported from Norway in 2013, NOK 10 billion more than the year before. Norway exports 68 per cent of its volume to the EU, which received a total of 752,000 tonnes of Norwegian salmon. France cut its imports of Norwegian salmon by 6 per cent, while Poland increased its imports by 8 per cent. Exports to Russia fell by 19 per cent compared with 2012, while Central Asian markets (Vietnam/China/Hong Kong) increased their combined imports by 3 per cent.

The price of Atlantic salmon (NASDAQ) rose steadily through the first half of 2013, then fell back slightly in the third quarter. However, a sharp increase in the fourth quarter contributed to record high prices at the close of the year. In the final week of 2013 salmon averaged NOK 53.92 per kg, the year's highest recorded price. For 2013 as a whole, the price averaged NOK 39.82 per kg, a rise of 48 per cent compared with the year before.

The NOK weakened against the EUR and the USD as 2013 progressed, a trend which may have helped to dampen the impact of the high salmon prices. The NOK weakened by 4.4 per cent against the EUR during the period, and by 1.0 per cent against the USD. The NOK strengthened marginally (0.3 per cent) against the GBP in 2013.

SalMar sold its products directly to more than 40 countries in 2013. Once again Europe was SalMar's most important regional market, with Poland, France and Sweden the largest individual markets. Next came Asia, with Japan, Vietnam and Singapore as the largest individual markets, while the Chinese market must still be described as challenging. Russia, which was SalMar's third largest regional market, alone imported around 8 per cent of SalMar's output in 2013. The fourth largest regional market was North America, with the USA as the largest individual market.

At the close of 2013 Norway had a standing biomass of 694,400 tonnes round weight, up 1 per cent from the 689,400 tonnes held at the close of 2012.

The biomass in both the UK and Chile rose by 4 per cent from 2012 to 2013, ending the year at 82,800 tonnes and 276,800 tonnes respectively. The overall biomass in the Faeroe Islands was estimated at 43,400 tonnes at the close of the year, up 11 per cent on the year before.

Preliminary forecasts for 2014 (Kontali) indicate that global supply will increase by around 5 per cent. Norway is the most important contributor, with an expected increase in output of 7 per cent. Corresponding growth in supplies of atlantic salmon are expected from Faeroe Island producers. In Chile, on the other hand, the strong growth seen in recent years is expected to tail off, with output growing by 2 per cent in 2014. Only minor changes in output levels are expected from producers in North America and the UK in 2014.

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 its strong competitive position and financial strength the SalMar Group aims to retain its position as one of the world's leading aquaculture companies, with further growth and improved profitability in 2014. The board is of the opinion that this is something SalMar is well positioned to achieve.

Although considerable uncertainty attaches to an assessment of future circumstances, both on the market and production sides, the board considers the Group's outlook to be extremely bright.

SalMar's fish farming activities are set to continue growing in 2014. Villa Organic AS will be divided up, and SalMar's share of its fish farming operations in Finnmark will be integrated into the Group's existing business activities. Furthermore, SalMar has applied for a total of 35 so-called 'green licences'. An announcement has been made with respect to 15 such licences (Group B), with SalMar being granted eight of them. SalMar is also in the final round with respect to the allocation of the remaining 20 licences. New licences will go into production as soon as possible, and – depending on the timing of the announcement – may have an impact on harvested volumes as early as the second half of 2014.

Overall SalMar expects to harvest some 133,000 tonnes of salmon in 2014. This represents an increase of 16 per cent compared with the 115,000 tonnes harvested in 2013. Broken down between the various fish-farming segments, this is expected to result in a 4 per cent growth in volume in SalMar Central Norway, a 60 per cent rise in SalMar Northern Norway, and a 14 per cent rise in the Rauma segment. To this must be added SalMar's share of the volume harvested by Norskott Havbruk (50.0 per cent), which is expected to come to around 12,500 tonnes in 2014.

Around 40 per cent of the volume is expected to be harvested in the first half, while the remaining 60 per cent will be harvested in the second half. At the time of publication of this annual report, around 20 per cent of the volume is tied to fixed-price contracts.

The biological situation in Norway is challenging. The Group is experiencing several outbreaks of PD in central Norway, and there are fears that amoebic gill disease (AGD) could establish itself in certain regions in the future. The new regime for dealing with salmon lice also involves higher costs than in previous years. SalMar is working ceaselessly to remain in a strong position to handle any biological challenges. This is achieved through investments in important assets, such as well boats and harvesting and processing capacity, as well as a strong focus on selecting the most sustainable operating locations and best sites. In all, SalMar believes that this effort helps to reduce the Group's operational risk.

Despite these challenges, SalMar's 2012 generation of fish has a far higher survival rate than previous generations have achieved. A good survival rate has also been recorded for fish transferred to marine-phase farms in 2013.

Feed is the most important cost component in the farming of salmon, accounting for 55-60 per cent of total production costs. Feed prices remained relatively stable in 2013, and there are so far no indications of significant price changes to come in 2014.

SalMar expects to invest around NOK 575 million in 2014. The bulk of this will be associated with biological production, with investments in the hatchery division coming to NOK 142 million. The investment programme on the marine side will continue in 2014, with the total figure expected to reach NOK 372 million.

From a financial performance point of view, 2013 was an extremely good year for SalMar. High salmon prices and significant non-recurring gains resulted in record revenues for the Group. In the opinion of the board, SalMar's financial capacity for continued growth is strong.

The SalMar culture permeates the entire business, and the continuous development of the organisation is therefore a key focus area for the Group. The board would like to thank all the company's employees for their dedicated efforts, on which the SalMar Group's long-term success is based.

Frøya, 8th of April 2014

Bjørn Flatgård *Chair*	Gustav Witzøe *Director*	Tove Elin Nedreberg *Director*	Kjell A. Storeide *Director*
Merethe Helene Holte *Director*	Pål Georg Storø *Director/Employee representative*	Hanne Kristine Tobiassen *Director/Employee representative*	Leif Inge Nordhammer *President & CEO*

CONSOLIDATED ACCOUNT SALMAR 2013

Consolidated Income Statement

NOK 1000

OPERATING REVENUES AND OPERATING EXPENSES	NOTE	2013	2012
Sales revenues	25	6 228 305	4 180 414
Other operating revenues		17 555	24 377
Total operating revenues		6 245 860	4 204 791
Change in stocks of goods in progress			
and finished goods		-324 914	-390 297
Cost of goods sold		3 376 109	2 715 056
Payroll costs	21,26	623 053	483 215
Depreciation of PP&E and intangible assets	4,5	220 820	169 621
Write-downs of PP&E	5	5 000	547
Other operating expenses	5,13,23,26,27	1 086 299	885 983
Total operating expenses		4 986 367	3 864 125
Operational EBIT		1 259 493	340 666
Fair value adjustments	15	528 176	290 417
Non-recurring gains on acquisitions	7	161 755	62 390
Particular biological events	16	0	-54 614
Operating profit		1 949 425	638 859
Income from investments in associates	9	157 980	93 909
Interest income		9 958	2 956
Financial income	9,29	374 357	50 177
Interest expenses	19	168 053	169 084
Financial expenses	29	1 596	8 313
Net financial items		214 666	-124 264
Profit before tax		2 322 071	608 504
Tax	20	418 695	127 062
Net profit for the year		1 903 376	481 442
Other comprehensive income			
Items which may subsequently be reclassified to profit & loss			
Translation differences and items of comprehensive income in associates		73 352	-42 044
Translation differences in subsidiaries		1 051	-719
Items which may not subsequencly be reclassified to profit & loss			
Year's deviation on pension liability estimates		242	0
Total comprehensive income for the year		1 978 021	438 679
Non-controlling interests' share of net profit for the year		113 335	14 072
Controlling interest's share of net profit for the year		1 790 041	467 370
Non controlling interests' share of total comprehensive income		113 335	14 072
Controlling interest's share of comprehensive income		1 864 686	424 607
Earnings per share/diluted earnings per share	30	15,80	4,20

Consolidated Balance Sheet

31. DECEMBER *NOK 1000*

ASSETS	NOTE	2013	2012
NON-CURRENT ASSETS			
Intangible assets			
Licences, patents, etc	4,22	2 030 710	1 702 152
Goodwill	4	433 348	433 348
Total intangible assets		2 464 058	2 135 500
PROPERTY, PLANT & EQUIPMENT			
Land, buildings & other real property	5,22	473 408	233 732
Plant, equipment & operating consumables	5,22	1 248 820	947 824
Vessels, vehicles, etc	5,22	137 096	87 247
Total property, plant & equipment		1 859 324	1 268 803
Non-current financial assets			
Investments in associates	6,9,22	402 338	948 575
Investments in shares & securities	10,11	384	15 760
Pension assets	10,13	802	2 492
Other receivables	10,13	5 225	4 029
Total non-current financial assets		408 749	970 856
Total non-current assets		4 732 131	4 375 159
CURRENT ASSETS			
Biological assets	14,22	3 077 150	1 986 213
Other inventory	14,22	171 539	303 682
Total inventory		3 248 689	2 289 895
RECEIVABLES			
Trade receivables	10,13,22	662 149	660 944
Other receivables	10,12,13	217 584	245 501
Total receivables		879 733	906 445
Bank deposits, cash & cash equivalents	10,17,19,22	1 070 998	55 336
Total current assets		5 199 420	3 251 676
TOTAL ASSETS		9 931 551	7 626 835

Consolidated Balance Sheet

31. DECEMBER *NOK 1000*

EQUITY AND LIABILITIES	NOTE	2013	2012
EQUITY			
PAID-IN EQUITY			
Share capital	18	28 325	28 325
Treasury shares		-325	-325
Share premium fund		415 286	415 286
Other paid-in equity		32 822	49 957
Total paid-in equity		**476 108**	**493 243**
RETAINED EARNINGS			
Distributable reserve		4 246 867	2 338 170
Total retained earnings		**4 246 867**	**2 338 170**
Non-controlling interests		337 808	136 300
Total equity		**5 060 784**	**2 967 713**
NON-CURRENT LIABILITIES			
Pension liabilities	21	0	528
Deferred tax	20	1 199 557	872 398
Debt to credit institutions	2,10,19	1 974 521	2 098 240
Leasing liabilities and other non-current liabilities	2,5,10,19	471 716	125 188
Total non-current liabilities		**3 645 794**	**3 096 354**
CURRENT LIABILITIES			
Debt to credit institutions	2,10,19	397 186	596 288
Trade payables	10	515 856	762 765
Tax payable	20	25 843	7 008
Public charges payable	10	93 532	43 192
Other current liabilities	10,11,12, 24	192 556	153 515
Total current liabilities		**1 224 973**	**1 562 768**
Total liabilities		**4 870 767**	**4 659 122**
TOTAL EQUITY AND LIABILITIES		**9 931 551**	**7 626 835**

Frøya, 8th of April 2014

Bjørn Flatgård *Chair*	Gustav Witzøe *Director*	Tove Elin Nedreberg *Director*	Kjell A. Storeide *Director*
Merethe Helene Holte *Director*	Pål Georg Storø *Director/Employee representative*	Hanne Kristine Tobiassen *Director/Employee representative*	Leif Inge Nordhammer *President & CEO*

Consolidated Statement of Cash Flow

NOK 1000

	NOTE	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before tax		2 322 071	608 504
Tax paid in the period	20	-6 528	-80 739
Non-recurring gains on acquisitions	7	-161 755	-62 390
Depreciation and write-downs	4, 5	225 820	170 168
Options charged to expenses	26	11 400	2 840
Share of profit/loss from associates	9	-157 980	-93 909
Gains/losses on sale of non-current assets	5	2 455	-1 728
Realised gains/losses on sale of non-current financial assets	29	-259 047	0
Unrealised gains/losses associated with non-current financial assets	29	-82 781	0
Fair value adjustments	15	-528 176	-290 418
Write-down of biomass resulting from particular biological events	16	0	54 614
Change in inventory/biological assets		-179 677	-410 485
Change in trade receivables		34 593	-152 664
Change in trade payables		-319 610	349 963
Change in other time-limited items		205 166	93 038
Net cash flow from operating activities		**1 105 951**	**186 794**
CASH FLOW FROM INVESTING ACTIVITIES:			
Receipts from sale of property, plant & equipment	5	3 735	1 785
Payments for purchase of property, plant & equipment and intangible assets	4, 5	-299 223	-251 126
Payments for acquisitions of businesses, net of cash acquired	7	-173 780	-145 703
Receipts from sale of shares and securities	9,11	1 190 113	0
Payments for purchase of shares and securities		-87 107	0
Dividend from associates and TRS shares	9	59 987	28 399
Net receipts/payments from change in non-current financial assets		4 975	-7 704
Net cash flow from investing activities		**698 700**	**-374 349**
CASH FLOW FROM FINANCING ACTIVITIES:			
New long-term borrowings	19	50 000	209 250
Repayment of long-term borrowings	19	-316 218	-197 259
Net change in overdraft	19	-274 595	58 236
Interest received		9 958	2 956
Interest paid	19	-168 053	-177 398
Payments for redemption of options	26	-20 553	-291
Buyout of non-controlling interests	8	-70 445	0
Dividend paid		-133	-2 940
Net receipts of equity		0	303 417
Net cash flow from financing activities		**-790 039**	**195 971**
Net change in bank deposits, cash & cash equivalents		1 014 612	8 416
Foreign exchange effects		1 051	-699
Bank deposits, cash & cash equivalents as at 1 Jan		55 336	47 621
Bank deposits, cash & cash equivalents as at 31 Dec		**1 070 998**	**55 336**
Unused drawing rights	19	2 039 288	1 546 406

Restricted funds account for NOK 203,515,000 of the company's cash & cash equivalents of NOK 1,070,998,000, cf. Note 17.

Statement of Equity

NOK 1000

2012	NOTE	Share capital	Treasury shares	Share premium fund	Other paid-in equity	Translation differences	Distri-butable reserve	Non-controlling interests	Total equity
Equity as at 1 Jan 2012		25 750	-325	112 880	38 338	814	1 914 927	122 228	2 214 610
Net profit for the year							467 370	14 072	481 442
COMPREHENSIVE INCOME									
Translation differences in associates	9						-40 197		-40 197
Equity transactions in associates	9						-1 847		-1 847
Translation differences in subsidiaries						-719	0		-719
Total comprehensive income						-719	-42 044	0	-42 763
Total comprehensive income for the year						-719	425 326	14 072	438 679
TRANSACTIONS WITH SHAREHOLDERS									
Net share issue		2 575		302 406					304 981
Options granted	26				11 619				11 619
Dividend for 2011							-2 940		-2 940
Other equity transactions							765		765
Total transactions with shareholders		2 575	0	302 406	11 619	0	-2 175	0	314 425
Equity as at 31 Dec 2012		28 325	-325	415 286	49 957	93	2 338 076	136 300	2 967 713

2013	NOTE	Share capital	Treasury shares	Share premium fund	Other paid-in equity	Translation differences	Distri-butable reserve	Non-controlling interests	Total equity
Equity as at 1 Jan 2013		28 325	-325	415 286	49 957	93	2 338 076	136 300	2 967 713
Net profit for the year							1 790 041	113 335	1 903 376
COMPREHENSIVE INCOME									
Translation differences in associates	9						82 163		82 163
Items of comprehensive income in associates	9						-8 811		-8 811
Translation differences in subsidiaries						1 051	0		1 051
Reclassification of pensions							242		242
Total comprehensive income						1 051	73 595	0	74 645
Total comprehensive income for the year						1 051	1 863 635	113 335	1 978 021
TRANSACTIONS WITH SHAREHOLDERS									
Options granted	26				1 296				1 296
Reclassification of options	26				-18 430		1 210		-17 221
Additions of non-controlling interests	7						0	201 086	201 086
Buyout of non-controlling interests	8						42 468	-112 913	-70 445
Other changes							334		334
Total transactions with shareholders		0	0	0	-17 134	0	44 011	88 173	115 051
Equity as at 31 Dec 2013		28 325	-325	415 286	32 822	1 145	4 245 724	337 808	5 060 784

NOTES TO THE FINANCIAL STATEMENTS

General
SalMar ASA is registered and domiciled 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 on 8 April 2014.

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.

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 14)
• Derivatives (Note 12)

New and amended standards
IAS 1: The changes result in the elements presented under 'Other items of comprehensive income' in the Statement of Comprehensive Income being grouped together on the basis of whether or not the items may be reclassified to profit and loss at some future point in time. The changes do not affect the presentation of total comprehensive income.

IFRS 12: The standard provides principles and guidelines for the measurement of fair value of assets and liabilities which other standards require or permit to be measured at fair value. The standard does not change when it is permitted to use fair-value measurement, and has not affected the Group's profit or financial position. However, IFRS 13 requires more detailed information to be included in the notes to the financial statements.

IAS 19: Changed rules with respect to employee benefits have been applied with effect from 1 January 2013. The change results in all estimate deviations being posted to comprehensive income as they arise, an immediate recognition in profit and loss of all expenses associated with previous periods' pension accruals, and the replacement of interest expenses and expected returns on pension assets by a net interest amount calculated using the discount rate on the net pension liability. The change in principle has not had any material impact on the figures given in the Group's financial reporting, since the bulk of the Group's pension schemes are defined-contribution schemes.

Standards, amendments to and interpretations of existing standards that have not come into force and that the Group has elected not to implement ahead of time
The impact of these changes is expected to be:
IFRS 9 Financial Instruments 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 2018.

IFRS 10 Consolidated Financial Statements is based on today's principles for using the concept of control as the deciding criterion to determine whether a company shall be included in the parent company's consolidated financial statements. The new standard will not result in any change for the Group. The standard is compulsory with effect from 1 January 2014.

IFRS 12 Disclosure of Interest in Other Entities contains new disclosure requirements with respect to financial interests in subsidiaries, jointly controlled entities, associates, special purpose entities (SPEs) and other off-balance sheet companies. The standard is compulsory with effect from 1 January 2014.

IAS 36 Impairment of Assets. The change requires the disclosure of the recoverable value of assets that have been written down, if this is determined to be fair value less sales costs. The change must be seen in conjunction with IFRS 13 Fair Value Measurement. The change applies with effect from financial years starting 1 January 2014 or later.

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. IAS 27 and IFRS 3 build largely on the entity perspective in connection with acquisitions where control is established. The exception is goodwill, where for each acquisition it is optional whether to recognise only the controlling owner's share or 100 per cent. For acquisitions undertaken by the Group to date, only SalMar's share of goodwill is included in the balance sheet. With respect to future acquisitions, the allocation of goodwill will be assessed on an individual basis. In those cases where the fair value of the acquired assets exceeds the amount paid, the difference is treated as income in profit and loss. Deferred tax is capitalised to the extent to which identifiable excess values ascribed to assets and liabilities lead 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.

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 from 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 on a separate line after operating profit/loss, 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.

When the Group no longer exercises control, any remaining shareholdings are measured at fair value, with changes in value recognised in profit and loss. For subsequent accounting purposes, fair value equals acquisition cost, either as an investment in an associate, jointly controlled venture or financial asset. The amount relating to this company that was previously recognised in comprehensive income is treated as if the Group had divested the underlying assets and liabilities. This may mean that amounts previously recognised in comprehensive income are reclassified to profit and loss.

The SalMar ASA Group
See Note 6 for information on the consolidated companies.

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 recognised as equity transactions. In connection with the purchase of shares from non-controlling interests, the difference between the consideration paid and the shares' relative share of the book value of the subsidiary's net assets is recognised in the parent company's equity. Gains and losses deriving from the sale of shares to non-controlling interests is recognised correspondingly in equity.

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 in which 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 measures live fish at fair value. The difference between the fair value of the biological assets at the start of the period and at its close is recognised as a positive or negative adjustment. Estimated fair value is based on market prices on the balance sheet date for the weight class concerned. The sales prices used are based on external forward prices, contract prices and/or the most relevant price information available for the period in which the fish is due to be harvested. The calculations of fair value are based on estimated biomass, quality and normal salmon production, harvesting and sales costs.

Fair value adjustment of the biomass based on these estimates has no impact on cash flow and does not affect Operational EBIT.

Other biological assets (roe and smolt) are valued at cost price, since little biological transformation has occurred.

See Note 14 'Inventory and biological assets' for further details.

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.

See Note 4 'Intangible assets' for further details.

Fair value at acquisition
In connection with an acquisition the cost price of the acquired entity must be allocated such that the opening balance in the Group's accounts reflects the estimated fair value of the acquired assets and liabilities. To determine the fair value at acquisition alternative methods are used to determine the fair value of assets for which there is no active market. Value in excess of that which can be attributed to identifiable assets and liabilities is recognised in the balance sheet as goodwill. If the fair value of equity in the acquired entity exceeds the consideration paid, the excess is immediately recognised as income. The allocation of cost price in connection with business combinations changes if new information is obtained with respect to the fair value on the date of takeover and assumption of control, no later than 12 months after the acquisition took place.

See Note 7 'Business combinations' for further details.

Leasing agreements
The Group classifies leasing agreements in accordance with IAS 17. Operating assets which are leased on terms which transfer the bulk of the financial risk and control to the company (financial leasing) are recognised in the balance sheet as property, plant and equipment, and the corresponding leasing liability is included under non-current liabilities at the present value of the leasing payments. The Group's most important leasing agreement is that with Nordskag Næringspark for the InnovaMar fish landing facility. With effect from 10 October 2013, this leasing agreement is treated, for accounting purposes, as a financial leasing item, see Notes 5 and 23 for further details. Important factors relating to an assessment of those elements in the agreement of significance to its classification for accounting purposes are the present value of the minimum rent payable, including the discount rate applied, as well as various stipulations in the leasing agreement concerning the extent to which the bulk of risk and benefits associated with ownership lie with the lessor or the lessee.

Revenues
Revenues from the sale of goods are taken to income when both risk and control have been largely transferred to the customer. This will normally occur at the moment of delivery. Revenue is recognised at the value of the consideration when the transaction takes place. Operating revenues are recognised less public charges, discounts, bonuses and other sales costs. The timing of the transfer of risk to the customer depends on the delivery terms stipulated in the sales contract. Delivery terms vary from country to country and from customer to customer.

Dividend is taken to income when the shareholders' right to receive a dividend has been authorised by the Annual General Meeting.

Government grants
Operating grants are recognised 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. The Group has two business activities: the farming of salmon and trout on the one hand, and its processing and sale on the other. The fish farming segment is divided into three regions: fish farming in central Norway (SalMar Central Norway), fish farming in northern Norway (SalMar Northern Norway) and fish farming elsewhere (Rauma segment). These three are defined as separate segments which report and are administered as separate internal business areas. In addition, a Sales & Processing segment reports separately. Furthermore, the Group acquired 51.4 per cent of the shares in the Villa Group with effect from 30 June 2013. The Villa Group reports and is administered internally as a separate segment. The Villa segment comprises both fish farming and processing activities. See Note 3 for further details. The Group's reporting is thus divided into a total of five segments.

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 authorised 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, along with the unrealised value of Fish Pool contracts and any change in the unrealised value of forward currency contracts that have been entered into to hedge future deliveries. 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 financial statements are presented in Norwegian kroner (NOK), which is also the parent company's functional currency and the Group's presentation 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.

Any foreign exchange differences on monetary items that are part of the net investment in a foreign entity are recognised in comprehensive income.

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 2013 no financial instruments were recognised in comprehensive income. The reversal of items that have, historically, been posted temporarily to comprehensive income, has been recognised as part of comprehensive income during the period.

The fair value of currency hedging instruments is calculated on the balance sheet date 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 under operational EBIT when they do not meet the requirements for hedge accounting. The exception is a change in the fair value of forward currency contracts which have been entered into to hedge future deliveries. These are recognised in profit and loss on the line for fair value adjustments. Financial derivatives are classified as current assets or current liabilities in the balance sheet.

The profit and loss account and balance sheet of 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 date.
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 from 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 date.

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 nuclei are capitalised at acquisition cost, less accumulated depreciation and write-downs.

Licences are capitalised at cost. 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, it 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 write-downs. 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 its 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.

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.

Borrowings and liabilities
Borrowings are recognised at fair value when payment has been received, less transaction costs. In subsequent periods borrowings are recognised at amortised cost calculated using the effective interest method. The difference between the amount of the loan received (less transaction costs) and its redemption value is posted to profit and loss over the term of the loan as part of the effective interest rate. Borrowing expenses are posted as deductions from the loan.

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 intends 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 classifies derivatives designated as hedging instruments as hedging of the fair value of an asset, liability or unrecognised binding pledge (fair value hedging).

Derivatives not designated as hedging instruments are recognised at fair value in profit and loss.

Realised Fish Pool contracts are classified as operating items and unrealised changes in the value of Fish Pool contracts are classified as part of the fair value adjustment of the biomass.

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 asset or current liability. Derivatives held for trading are classified as current assets or current liabilities.

Receivables
Trade receivables and other receivables are recognised at face value less a provision for anticipated bad debts. Provisions for bad debts are made on the basis of an individual assessment of each receivable. Due to immaterial transaction costs and the short credit term, amortised cost equals face value less provisions for anticipated bad debts.

Inventory
Inventory consists of feed, packaging materials, roe, fry, live fish in the sea and processed fish. Stocks of feed, packaging materials, smolt 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 less sales costs) and net realisation value.

Biomass
Biological assets (biomass) comprise salmon roe, smolt and fish in the sea.

The way live fish are accounted for is regulated by IAS 41 Agriculture. IAS 41 contains a hierarchical method for the recognition of biological assets for accounting purposes. The main rule is that such assets are recognised at fair value.

The best estimate of the fair value of fish with a live weight of under 1 kg is accumulated cost, while for harvestable fish with a live weight of more than 4 kg the fair value adjustment of the biomass is set to expected net profit/loss. For fish of between 1 kg and 4 kg live weight the fair value adjustment of the biomass is set to the proportional share of expected net profit/loss at harvest. As a result, this may lead to a downward adjustment in the fair value of biological assets.

The fair value of the biomass is calculated on the basis of market price for the relevant weight class on the balance sheet date, corrected for sales costs, including harvesting costs and wastage. The market price is adjusted for quality variations. The sales prices used are based on external forward prices and/or the most relevant price information available for the period in which the fish will be harvested.

Roe and smolt are valued at cost.

Changes in the fair value of the biomass are recognised in profit and loss on the line for fair value adjustments.

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.

A liability is recognised with respect to fixed-price contracts resulting in an obligation on the part of the Group to sell harvestable fish at a lower price than that which forms the basis for an estimation of the fair value of the biomass. The impact on profit and loss for the year is posted to 'Fair value adjustments'.

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.

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. Estimate deviations are recognised in comprehensive income as they occur.

The Group switched from a 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 contribution.

Share-based incentives
The Group operates a share-based incentive scheme in which the companies receive services from the employees in return for equity 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.

In the event of a decision to allow cash settlement of options, the option liability will be reclassified from equity to liabilities. From the same date, the value of the option liability will be reassessed at the close of each accounting period, with any changes posted to profit and loss.

See Note 26 for further details of the Group's option schemes.

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 recognised in the balance sheet as property, plant and equipment, and the corresponding leasing liability is included under non-current liabilities at the present value of the leasing payments. The asset is depreciated systematically and the liability is reduced by the leasing amount 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 in a straight line over the term of the contract.

Particular biological events

The Group classifies particular biological events on a separate line in profit and loss. Particular biological events means the culling of the entire salmon stock at sites suffering an outbreak of Pancreas Disease (PD), as ordered by the authorities, and individual incidents involving the escape of substantial numbers of salmon. The amount charged to expenses is a provision corresponding to the full production cost of the culled stock, and costs incurred in connection with the clean-up and closure of the site. In the event of escaped fish, the amount charged to expenses corresponds to the full production cost of the escaped fish, and costs incurred in connection with their recapture.

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.

note 2 • Financial risk

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 2013, a 0.5% rise in the rate of interest would reduce the Group's profit by NOK 13,965,000 (NOK 14,099,000 in 2012), all other variables remaining 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 and currency accounts. The use of forward currency contracts is described in Note 12.

Based on the financial instruments in existence as at 31 December 2013, a 10 per cent reduction in the value of the NOK would have decreased the Group's profit before tax by NOK 147,045,000 (2012: down NOK 49,382,000). The Group's most important foreign currencies are the USD, EUR, GBP and JPY. A 10 per cent reduction in the exchange rate with each of these currencies as at 31 December 2013 would have had the following impact on the Group's profit before tax:

EUR: NOK – 76,989,000
JPY: NOK – 29,628,000
GBP: NOK – 21,234,000
USD: NOK – 19,078,000

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 13.

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 having 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 requirements in the short term. See Note 19 for details of the Group's available credit facilities.

The table below details the Group's non-derivative financial liabilities classified by maturity structure. The figures presented in the table are undiscounted contractual cash flows. See Note 19 for details of the maturity structure.

Maturity structure for financial liabilities

Maturity *NOK 1000*	Total	2014	2015	2016	2017	2018	After 2018
Long-term debt	2 134 382	175 388	168 632	1 701 513	15 577	15 152	58 120
Interest on long-term debt	158 658	64 471	59 052	29 598	2 553	2 069	915
Financial leasing agreements	529 487	57 154	56 905	28 022	22 527	21 733	343 146
Interest on financial leasing agreements	71 933	16 029	14 204	12 845	12 037	11 328	5 490
Other non-current liabilities	50 402	50 000	0	0	0	0	402
Short-term credit facilities	129 153	129 153	0	0	0	0	0
Interest on short-term debt	2 034	2 034	0	0	0	0	0
Trade payables	515 856	515 856	0	0	0	0	0
Total liabilities	**3 591 905**	**1 010 085**	**298 793**	**1 771 978**	**52 694**	**50 282**	**408 073**

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 2013.

The company monitors its capital management on the basis of the covenants stipulated. These are based on equity ratio and the ratio of net interest-bearing debt to EBITDA. See Note 19 for further details.

As at 31 December 2013 the Group had an equity ratio of 50.9% (38.9% as at 31 December 2012). The Group'snet interest-bearing debt at the close of 2013 totalled MNOK 1,772 (MNOK 2,764 in 2012).

Assessment of fair value

The table below shows financial instruments and liabilities at fair value in accordance with the valuation method. The various levels are defined as follows:

- 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 December 2013. See Note 14 for details of biological assets measured at fair value.

Assets 31.12.2013 (NOK 1 000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value in profit and loss				
- Derivatives held for trading	0	17 636	0	17 636
Financial assets available for sales				
- Equity instruments	0	0	384	384
TOTAL assets	0	17 636	384	18 020
Liabilities				
Financial liabilities at fair value in profit and loss				
- Derivatives held for trading	0	2 687	0	2 687
Long-term debt to credit institutions	0	0	1 974 521	1 974 521
Leasing liabilities and other non-current liabilities	0	0	471 716	471 716
Short-term debt to credit institutions	0	0	397 186	397 186
TOTAL liabilities	0	2 687	2 843 423	2 846 110

Assets 31.12.2012 (NOK 1 000))	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value in profit and loss				
- Derivatives held for trading	0	65 032	0	65 032
Financial assets available for sale				
- Equity instruments	0	0	15 760	15 760
TOTAL assets	0	65 032	15 760	80 792
Liabilities				
Financial liabilities at fair value in profit and loss				
- Derivatives held for trading	0	0	0	0
Long-term debt to credit institutions	0	0	2 098 240	2 098 240
Leasing liabilities and other non-current liabilities	0	0	125 188	125 188
Short-term debt to credit institutions	0	0	596 288	596 288
TOTAL liabilities	0	0	2 819 716	2 819 716

The fair value of trade receivables and trade payables is practically identical to their book value. The fair value of liabilities is practically identical to their book value. The Group has 'current terms', which is is considered to be the same as the market rate on the balance sheet date. Seen Note 19 for further details of interest terms.

The following table presents the changes in instruments classified in Level 3 as at 31 December 2013.	**Equity instruments available for sale**	**Total**
Opening balance	15 760	15 760
Investments during the period	0	0
Sales during the period	-33 715	-33 715
Gains/losses taken to profit and loss	18 340	18 340
Closing balance	384	384

The following table presents the changes in instruments classified in Level 3 as at 31 December 2012.	**Equity instruments available for sale**	**Total**
Opening balance	762	762
Investments during the period	15 000	15 000
Gains/losses taken to profit and loss	-2	-2
Closing balance	15 760	15 760

note 3 • Segment information and geographic breakdown

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. The Group has two business activities: the faming of salmon and trout on the one hand, and its processing and sale on the other. The fish farming segment is divided into three regions: fish farming in central Norway (SalMar Central Norway), fish farming in northern Norway (SalMar Northern Norway) and fish farming elsewhere (Rauma segment). These three are defined as separate segments which report and are administered as separate internal business areas. In addition, a Sales & Processing segment reports separately. Furthermore, the SalMar Group acquired 51.4% of the shares in the Villa Group with effect from 30 June 2013. The Villa Group reports and is administered internally as a separate segment. The Villa segment comprises both fish farming and processing activities. See Note 7 for further details. The Group's reporting is thus divided into a total of five segments.

Group management evaluates the segments' performance on the basis of Operational EBIT, as well as particular biological events.

Depreciation and the realisation of excess value from tangible and intangible assets deriving from acquisitions are, with the exception of the acquisition of Villa Organic, not allocated to the segments. Costs relating to employee options and the results of the subsidiary SalMar 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 at the same amount recognised in profit and loss. Assets and liabilities allocated to segments are not reported to group management.

In 2013 the company had one individual customer who accounted for more than 10 per cent of the Group's sales revenues. Sales to this customer totalled NOK 786,525,000, which amount is included in the figures for the Sales & Processing segment. In 2012 no individual customers accounted for more than 10 per cent of the Group's sales revenues.

2013 *NOK 1000*	**Fish farming Central Norway**	**Fish farming Northern Norway**	**Fish farming Rauma**	**Sales & Processing**	**Villa**	**Other/ eliminations**	**Salmar Group**
External operating revenues	0	2 230	1 621	5 942 078	299 931	0	6 245 860
Internal operating revenues	2 701 979	910 507	593 749	105 332	14 617	-4 326 184	0
TOTAL operating revenues	2 701 979	912 737	595 370	6 047 410	314 548	-4 326 184	6 245 860
Depreciation	92 927	41 923	30 074	37 059	16 330	2 507	220 820
Write-downs	0					5 000	5 000
Operating expenses	1 684 814	550 640	403 414	6 171 269	243 777	-4 293 367	4 760 547
Operational EBIT	924 238	320 174	161 882	-160 918	54 441	-40 324	1 259 493
Fair value adjustments	155 203	209 621	48 414	683	114 255	0	528 176
Non-recurring gains							
on acquisitions	0	0	0	0	0	161 755	161 755
Particular biological events	0	0	0	0	0	0	0
Operating profit	1 079 441	529 795	210 296	-160 235	168 696	121 431	1 949 425
Share of profit/loss from associates							157 980
Net financial items							214 665
Profit before tax							2 322 071
Tax							418 695
Net profit for the year							1 903 376
Investments in PP&E	168 031	72 987	37 514	365 333	15 047	4 924	663 836
Investments in business entities			5 516		204 563	91	210 170

Investments in PP&E by Sales & Processing (totalling NOK 365,333,000) include capitalisation of the InnovaMar processing plant in the amount of NOK 312,708,000 during the year. See Note 5 for further details.

2012 *NOK 1000*	Fish farming Central Norway	Fish farming Northern Norway	Fish farming Rauma	Sales & Processing	Other/ eliminations	Salmar Group
External operating revenues	45 572	106 988	13 389	4 038 842	0	4 204 791
Internal operating revenues	1 682 128	585 012	406 011	192 459	-2 865 610	0
TOTAL operating revenues	1 727 700	692 000	419 400	4 231 300	-2 865 610	4 204 791
Depreciation	79 891	33 854	25 485	29 661	730	169 621
Write-downs	0	0	547	0	0	547
Operating expenses	1 445 208	574 846	392 567	4 146 640	-2 865 305	3 693 956
Operational EBIT	202 600	83 300	800	55 000	-1 035	340 666
Fair value adjustments	178 889	30 954	59 449	24 735	-3 610	290 417
Non-recurring gains on acquisitions	0	0	0	0	62 390	62 390
Particular biological events	-13 217	-41 399	0	0	0	-54 616
Operating profit	368 272	72 855	60 249	79 735	57 747	638 859
Share of profit/loss from associates						93 909
Net financial items						-124 264
Profit before tax						608 504
Tax						127 062
Net profit for the year						481 442
Investments in PP&E	123 021	58 391	44 962	47 691	692	274 757
Investments in business entities	0	145 703	0	0	0	145 703

note 4 • Intangible assets

NOK 1000	Licences	Goodwill	Other intangible assets	Total
Acquisition cost 1 Jan 2012	1 447 503	451 738	43 599	1 942 840
Additions through business takeover	0	0	1 684	1 684
Additions subsidiaries	220 000	0	0	220 000
Disposals	0	0	0	0
Acquisition cost 31 Dec 2012	1 667 503	451 738	45 283	2 164 524
Additions	771	0	2 926	3 697
Additions through business takeover	314 000	0	19 152	333 152
Disposals	0	0	0	0
Acquisition cost 31 Dec 2013	1 982 274	451 738	67 361	2 501 373
Acc. dep. and write-downs 1 Jan 2012	5 000	18 390	2 350	25 740
Year's depreciation	0	0	3 287	3 287
Year's write-downs	0	0	0	0
Acc. dep. and write-downs 1 Dec 2012	5 000	18 390	5 637	29 028
Year's depreciation	0	0	3 287	3 287
Year's write-downs	5 000	0	0	5 000
Acc. dep. and write-downs 1 Dec 2013	10 000	18 390	8 925	37 315
Book value as at 31 Dec 2013	1 972 274	433 348	58 436	2 464 058
Book value as at 31 Dec 2012	1 662 503	433 348	39 649	2 135 500
Book value as at 1 Jan 2012	1 442 503	433 348	41 249	1 917 100
Economic life	Unlimited	Unlimited	5-50 years	
Avskrivningsplan			Straight-line	

Under 'Other intangible assets' excess value associated with the purchase of breeding nuclei is depreciated over 50 years. The cost price for this was NOK 30 million, and the residual book value of breeding nuclei is NOK 27.9 million. Remaining items under 'Other intangible assets' are depreciated over 5 years.

Specification of fish farming licences 2013 *NOK 1000*	No. of licences	Acquisition cost	Book value 31.12.13
SalMar Northern Norway	23	636 120	631 120
SalMar Central Norway	44	555 496	550 496
Rauma	14	487 658	487 658
Villa	16	303 000	303 000
	97	1 982 274	1 972 274

Specification of fish farming licences 2012 *NOK 1000*	No. of licences	Acquisition cost	Book value 31.12.12
SalMar Northern Norway	23	636 120	631 120
SalMar Central Norway	44	555 496	555 496
Rauma	14	475 887	475 887
	81	1 667 503	1 662 503

The Group has joint operating agreements/time-limited licences for a further 12 licences.

Specification of goodwill 2013 *NOK 1000*	Acquisition year	Acquisition cost	Book value 31.12.13
SalMar Northern Norway	2006	95 114	95 114
SalMar Central Norway	1999-2011	117 718	111 251
Rauma	2011	226 983	226 983
		439 815	433 348

Specification of goodwill 2012 *NOK 1000*	Acquisition year	Acquisition cost	Book value 31.12.13
SalMar Northern Norway	2006	95 114	95 114
SalMar Central Norway	1999-2011	117 718	111 251
Rauma	2011	226 983	226 983
		439 815	433 348

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

Other acquired goodwill, which was depreciated to NOK 0 before 2005, has an acquisition cost of NOK 14,505,000.

Impairment test

SalMar has identified the Group's segments as cash-generating entities. On acquisition, goodwill and intangible assets are assigned to the cash-flow generating entities within the Group to which they are associated. Cash-generating entities are the lowest level at which independent cash flows can be identified, and are not at a higher level than the segments into which the Group divides its operations based on the geographic distribution of its marine-phase fish farms, ie SalMar Central Norway, SalMar Northern Norway, and the Rauma and Villa segments, as well as Sales & Processing. For a specification of the book value of licences and goodwill by segment, see over.

The book value of the cash-flow generating entities is tested annually for impairment, 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 in 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 real growth is assumed when calculating the terminal value, ie growth is stipulated at the expected rate of inflation. Value in use is calculated on the basis of a 7.86% return on investment after tax. 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
- EBIT(DA)/Margins
  - Salmon price
  - Production costs
- Future output levels

Discount rate: the discount rate used reflects management's estimate of the risk specified for each cash-flow generating entity. The discount rate is set using the 10-year government bond rate in effect at the time of the assessment. The discount rate after tax is calculated at 7.86%. This corresponds to a pre-tax requirement of 10.7%.

EBIT(DA)/Margins: EBIT per kg is highly volatile with respect to changes in salmon prices, and has been higher than the historic average in recent years. Salmon price estimates are based on the actual long-term price level in the market in which the fish is sold. Historic figures have been adjusted for known changes. Since the long-term net margin used in the assessment is deemed to be lower than last year's EBIT per kg, a normalised long-term EBIT per kg has been used.

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

The assessment is based on a comparison of estimated future cash flows and the 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, thereby, net margins and discount rates. The book value per licence is highest for the Rauma segment, such that the assessment for the Rauma segment is the least robust. The break-even level for EBIT per kg for the Rauma segment is NOK 5.20. The discount rate must increase by 4.4 percentage points before the calculated value would lead to the need for a write-down.

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 2013.

note 5 • Property, plant & equipment

NOK 1000	Land, buildings & other real property	Plant, operating equipment, fixtures, etc	Vessels and other operating assets	TOTAL	of which leased operating assets
Acquisition cost 1 Jan 2012	275 183	1 330 696	101 831	2 093 062	324 756
Additions	43 120	207 589	24 048	274 757	27 981
Additions through business takeovers	0	34 849	0	34 849	26 947
Disposals	222	1 956	0	2 178	1 166
Acquisition cost 31 Dec 2012	318 081	1 571 178	125 879	2 015 139	378 518
Additions	231 344	391 947	40 545	663 836	367 539
Additions through business takeovers	30 472	89 050	31 130	150 652	53 718
Disposals	158	6 349	1 278	7 784	1 563
Acquisition cost 31 Dec 2013	579 739	2 045 827	196 276	2 821 842	798 212
Acc. dep. & write-downs 1 Jan 2012	68 774	485 115	27 376	581 265	94 998
Year's depreciation 2012	15 548	139 530	11 255	166 333	36 239
Year's write-downs	28	520	0	547	0
Reversed depreciation	0	1 811	0	1 811	704
Acc. dep. & write-downs 31 Dec 2012	84 349	623 354	38 631	746 335	130 533
Year's depreciation 2013	22 003	173 972	21 558	217 533	49 015
Year's write-downs	0		0		0
Reversed depreciation	21	320	1 009	1 350	0
Acc. dep. & write-downs 31 Dec 2013	106 331	797 006	59 181	962 517	179 548
Book value 31 Dec 2013	**473 408**	**1 248 820**	**137 096**	**1 859 325**	**618 663**
Book value 31 Dec 2012	233 732	947 824	87 248	1 268 804	247 983
Book value 1 Jan 2012	206 409	845 582	74 455	1 126 446	229 758
Gains/losses on sale of non-current assets	0	-2 455	0	-2 455	
Annual lease of off-balance sheet operating assets	54 292	19 037	3 353	76 682	
Capitalised interest	0	0	0	0	
Economic life	5-20 years	3-10 years	5-15 years		
Depreciation plan	straight-line	straight-line	straight-line		

Capitalised leasing liabilities as at 31 December 2013 totalled NOK 529,487,000.
NOK 294,971,000 of the operating assets relate to plant and equipment, while NOK 106,887,000 relate to vessels and other operating assets. NOK 216,805,000 relates to land and buildings. All leasing agreements have been entered into at standard terms and conditions.

In parallel with the sale of shares in Nordskag Næringspark AS, cf. Note 9, the Group renegotiated the InnovaMar leasing agreement with the same Nordskag Næringspark AS. The leasing period was extended from 15 to 20 years, with an option to extend after the expiry of the agreement in return for a reduced annual leasing cost. The lessor has, furthermore, the right but not the obligation to demand that SalMar, as tenant, acquires the property after the expiry of the agreement for the sum of NOK 70 million. The change in the terms of the leasing agreement means that the building and the leasing liability have been recognised in the balance sheet with effect from 1 October 2013. In total the property is capitalised to the value of NOK 312.2 million. The leasing liability is correspondingly capitalised. The investment breaks down into a building, technical installation and land component. The portion allocated to buildings is depreciated over 30 years. Correspondingly, the portion allocated to technical installations is depreciated over 13 years. Land is not depreciated.

note 6 • Group companies

The consolidated financial statements for 2013 cover the following subsidiaries and associates:

Subsidiary	Consolidated (YES/NO)	Registered office	Voting share
SalMar Settefisk AS	YES	Kverva	100,0 %
- Langstein Fisk AS	YES	Kverva	100,0 %
- Straumsnes Settefisk AS	YES	Kverva	100,0 %
- Villa Smolt AS	YES	Molde	100,0 %
- Villa Settefisk AS	YES	Molde	100,0 %
SalMar Farming AS	YES	Kverva	100,0 %
- Salmar Rauma AS	YES	Ørskog	100,0 %
- Rauma Stamfisk AS	YES	Ørskog	100,0 %
- Rauma Sætre AS	YES	Ørskog	100,0 %
- Rauma Eik AS	YES	Ørskog	100,0 %
- Salmar Organic AS	YES	Ørskog	100,0 %
- Vikenco AS	YES	Aukra	51,0 %
- Fjord Salmon AS	YES	Kverva	100,0 %
- Atlantic Cod Farms AS	YES	Ørskog	100,0 %
Ocean Farming AS	YES	Kverva	91,0 %
SalMar Nord AS	YES	Senja	100,0 %
- Troms Stamfiskstasjon AS	YES	Senja	100,0 %
- Salmar Finnmark AS	YES	Senja	100,0 %
SalMar Processing AS	YES	Kverva	100,0 %
- SalMar Japan KK	YES	Japan	100,0 %
- Frøyas AS	YES	Kverva	66,0 %
SalMar Sales AS	YES	Kverva	100,0 %
- Volstad Seafood AS	YES	Kverva	100,0 %
SalMar-Tunet AS	YES	Kverva	100,0 %
Villa Organic AS	YES	Molde	50,4 %
- Villa Arctic AS	YES	Molde	50,4 %
- Romsdal Processing AS	YES	Molde	50,4 %
- Kirkenes Processing AS	YES	Molde	50,4 %

Associates	Registered office	Voting share
Norskott Havbruk AS	Bergen	50 %
Trøndersk Kystkompetanse AS	Dyrvik	20 %

Norskott Havbruk AS is considered to be an associate. Associates are accounted for in accordance with the equity method. See Note 9 for further details.

Business acquisitions in 2013

Atlantic Cod Farms AS

On 22 April 2013 the Group agreed the purchase of 100% of the shares in Atlantic Cod Farms AS. The transaction is, for accounting purposes, treated as a business takeover, and the company included in the Rauma segment. The purpose of the acquisition was to obtain access to sites in the Møre district. In addition to sites, operating equipment in the area was also taken over. The acquired company also has a substantial tax loss carryforward which is of value to SalMar. The value of the carryforward has resulted in a non-recurring gain from the acquisition. The non-recurring gain has been taken to income in its entirety.

The allocation of consideration is now deemed to be final.

NOK 1000	**Acquisition date**	**Acquisition cost**
Atlantic Cod Farms AS	22.04.2013	5 516

The total purchase price for the company was NOK 40,000,000. A receivable on the company, totalling NOK 34,484,000, was transported from the former owner Codfarmers AS to SalMar ASA. In addition, NOK 5,516,000 was paid for 100% of the company's shares. No material transaction costs were incurred in connection with the acquisition.

The effect of the acquisition on the balance sheet was:

NOK 1000	**Book value**	**Adjustment to fair value**	**Fair value**
Deferred tax assets	0	103 380	103 380
Intangible assets	0	11 000	11 000
Property, plant & equipment	12 736	0	12 736
Cash & bank deposits	675	0	675
Non-current liabilities	-34 484	0	-34 484
Other liabilities	0	-750	-750
Net identifiable assets and liabilities	-21 073	113 630	92 558
Non-recurring gain on acquisition			-87 041
Cash consideration			5 516

Business activity at Atlantic Cod Farms is low, and its impact on operating revenues and profits after acquisition has been immaterial.

Villa Organic AS

In 2013 the Group undertook a stepwise acquisition of the shares in Villa Organic AS, which resulted, in June 2013, in SalMar acquiring the majority of the shares in the Villa Group. Following the final acquisition of shares, with effect from 30 June 2013, SalMar owns a total of 50.4% of the company's shares.

In 2012 SalMar acquired 8.4% of the shares in Villa Organic AS. At the start of April 2013 agreement was reached with a group of shareholders in Villa Organic AS for the purchase of a further 41.3% of the company's shares, bringing SalMar's total shareholding after this transaction to 49.7%. From this point in time, SalMar exercised a considerable influence over the Villa Group, which was therefore classified as an associate of SalMar. On 12 June 2013 a further 0.7% of the shares were acquired, bringing SalMar's shareholding to 50.4%. Villa Organic AS is a fully integrated aquaculture company, with 16 licences for the production of farmed fish, as well as locations in Laksefjord and Varangerfjord. In addition to its fish farming activities, the Group has its own smolt production, two processing plants and its own sales organisation. Since the company's acquisition, the sales organisation has been divested from the Group. From the date of its acquisition the company has been consolidated into SalMar's group accounts and is reported as a separate segment.

The allocation of consideration is presented below. The allocation is deemed to be final.

NOK 1000	**Acquisition date**	**Acquisition cost**
Fair value of the shares in Villa Organic AS owned before acquisition		202 063
Cash consideration re. increase in the shareholding from 49.7% to 50.4%	12.06.2013	2 500
Total consideration for the shares		204 563

No material external transaction costs have accrued in connection with the acquisition.

The effect of the acquisition on the balance sheet was:

NOK 1000	**Book value**	**Adjustment to fair value**	**Fair value**
Intangible assets	24 010	279 185	303 195
Property, plant & equipment	212 574	-74 854	137 720
Other financial assets	5 014	0	5 014
Inventory and biological assets	233 220	18 224	251 443
Current assets	123 791	603	124 394
Deferred tax	25 785	-65 170	-39 385
Interest-bearing debt	-196 981	-1 000	-197 981
Other liabilities	-84 046	0	-84 046
Net identifiable assets and liabilities	343 367	156 988	500 355
Non-recurring gain on acquisition			-94 714
Non-controlling interests			-201 078
Cash consideration			204 563

In the table above, the fair value of the non-controlling interest is stated at NOK 201,078,000. The value of the non-controlling interest is calculated on the basis of the consideration paid for 50.4 per cent of the company's shares.

Excess value/value shortfalls arise from an assessment of the fair value of identifiable assets and liabilities. Excess value associated with intangible assets relates to production licences. The acquired company owns 16 fish farming licences, of which seven are restricted to locations in Varangerfjord, Finnmark. The value of the licences is determined on the basis of comparable transactions and analyses using recognised valuation methods. Based on this, the value of licences in the excess value allocation is put at NOK 22,000,000 per licence, with the exception of those restricted to designated locations, which are valued at NOK 15,000,000 each. As a result of the excess value allocation, SalMar has derived a non-recurring gain of NOK 94,714,000 from the acquisition. The main reason for the surplus was that the seller of the SalMar has derived a non-recurring gain of NOK 94,714,000 from the acquisition. The main reason for the surplus was that the seller of the shares was in a difficult financial position at the time the transaction was completed. Villa Organic has affected Operational EBIT by NOK 54,441,000 and sales revenues by NOK 314,548,000 in the period since acquisition. Villa Organic generated operating revenues of NOK 680,785,000 in 2013 as a whole, and made an Operational EBIT of NOK 69,894,000. Villa Organic is reported as a separate segment, cf. Note 3.

Villa Arctic AS: Contingent consideration

In 2012 the Group acquired 10 licences from Villa Arctic AS, see below. A condition attached to the takeover could result in an adjustment to the sales price should the price of salmon exceed a certain amount in 2013. As at 31 December 2012 a provision totalling NOK 15.0 million was made to cover this liability. The favourable price level through 2013 has resulted in the provision being increased to NOK 50.0 million as at 31 December 2013. Villa Arctic AS is part of the Villa Organic Group, which has been included in the SalMar Group with effect from 12 June 2013. On the date of the Villa Organic Group's acquisition, the provision had increased to NOK 35.0 million. Since the acquisition of the Villa Organic Group, provisions totalling NOK 15.0 million have been eliminated from within the Group. The year's NOK 20.0 million increase in the provision, which has had an impact on the Group's results, is recognised on the line for nonrecurring gains in the financial statements.

Ocean Farming AS

On 31 December 2013 the Group agreed to purchase 52% of the shares in Ocean Farming AS. After this transaction SalMar owns 91% of the company's shares. For accounting purposes the transaction is treated as a business takeover. The purpose of the acquisition is to secure access to technology developed by the company. Allocation of the consideration paid, as presented below, is deemed to be final. No transaction costs were incurred in connection with the acquisition.

NOK 1000	**Acquisition date**	**Acquisition cost**
Ocean Farming AS	31.12.2013	91

The effect of the acquisition on the balance sheet was:

NOK 1000	**Book value**	**Adjustment to fair value**	**Fair value**
Deferred tax assets	0	588	588
Intangible assets	0	19 152	19 152
Current assets	6 034	0	6 034
Other liabilities	-25 673	0	-25 673
Net identifiable assets and liabilities	-19 640	19 740	100
Non-controlling interests			9
Cash consideration			91

The company is included in the Group with effect from 31 December 2013, and has therefore had no impact on the results for 2013. The entity is a development company which had no revenues in 2013.

Acquisitions in 2012

On 29 February 2012 SalMar Nord AS signed an agreement with Villa Arctic AS to acquire 10 licences, one production facility in Lakse-fjord, with associated operating assets, as well as 50% of the biomass at this location. Furthermore, an agreement was entered into for joint operation of the Laksefjord facility with Villa Arctic AS, with effect from 1 April 2012 until the 2015 generation has been harvested. The transaction is recognised for accounting purposes as a business takeover. The take-over is subject to a contingent liability which would result in an adjustment in the consideration payable if the salmon price exceeds a certain level in 2013. See above for details of the contingent liability.

NOK 1000	Acquisition date	Acquisition cost
The business in Laksefjord	29.02.2012	145 704

No material transaction costs were incurred in connection with the acquisition.

The effect of the acquisition on the balance sheet was:

NOK 1000	Book value	Adjustment to fair value	Fair value
Intangible assets	110 000	110 000	220 000
Property, plant & equipment	34 856	0	34 856
Biological assets	20 869	-2 513	18 356
Deferred tax	0	-30 096	-30 096
Interest-bearing debt	-20 021	0	-20 021
Net identifiable assets and liabilities	145 704	77 390	223 094
Non-recurring gain on acquisition			-77 390
Cash consideration			145 704
Non-recurring gain on acquisition			-77 390
Provision for contingent consideration			15 000
Net recognition of non-recurring gains			-62 390

An analysis of the business acquisition has been performed, in which the assets and liabilities taken over have been measured at fair value. The fair value of the licences has been calculated on the basis of recognised valuation methods in addition to an assessment of the market value of the licences. Our assessments indicates that the acquisition has been made on favourable terms, such that NOK 77.4 million has been taken to income in this regard.

note 8 • Transactions with non-controlling interests

Acquisition of additional shares in subsidiaries

On 22 March 2013 the Group agreed to buy out the remaining minority shareholders of SalMar Rauma AS. The Group acquired 24.46% of the shares in SalMar Rauma AS, bringing its shareholding to 100%. On 21 October 2013 the Group agreed to buy out the minority shareholders of Langstein Fisk AS. The Group acquired 40% of the company's shares, bringing its shareholding to 100%.

Effekten på balansen av oppkjøpet var:

NOK 1000	SalMar Rauma	Langstein Fisk	Total
Book value of non-controlling interests	112 343	571	112 913
Cash consideration for shares	69 696	750	70 445
Excess charged against equity held by parent company's shareholders	42 647	-179	42 468

note 9 • Associates

NOK 1000 Companies recognised using the equity method	Norskott Havbruk	Nordskag Næringspark	Bakkafrost	Villa Konsern	Other	Total
Type of company	AS	AS	P/F	AS		
Original acqusition cost	162 826	23 375	533 406	182 622	103	902 332
Attributable excess value	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0
Opening balance 1 Jan 2013	293 499	24 700	630 236	0	142	948 575
Purchase of share/deposit	0	0	0	182 621	0	182 621
Share of year's profit/loss	101 075	3 384	40 667	12 855	0	157 980
Items recognised in comprehensive income	33 664	0	39 597	0	0	73 261
Realisation of shareholding	0	-23 918	-685 374	-195 476	-39	-904 807
Dividend received	-26 000	-4 166	-25 126	0	0	-55 292
Closing balance 31 Dec 2013	402 238	0	0	0	103	402 338

Realisation of shares in Bakkafrost PF

On 15 May 2013 the Group agreed the sale of a portion of its shareholding in Bakkafrost. Following this transaction, the share-holding in Bakkafrost was reduced from 25.2% to 10.2%. Consider-ation for the realised shares, less costs, totalled NOK 506,084,000. A gain of NOK 170,103,000 was recognised in association with this transaction.

Bakkafrost ceased to be an associate from the date of the transac-tion. For accounting purposes the entire shareholding was deemed to have been realised, and the remaining 10.2% shareholding was classified as a financial instrument at fair value in profit and loss. The new cost price for the remaining shareholding was fair value on the transaction date. The share of the profit from the associate has been recognised in revenue for the period up until the transac-tion date in the amount of NOK 40,667,000. For the subsequent period up until 12 December 2013, the change in fair value was NOK 82,781,000. Both the change in fair value and the gain on realisation of the TRS share are included on the line for financial income, cf. Note 29.

In addition to its shareholding in Bakkafrost, SalMar had also entered into a TRS agreement for a total of 4.66% of the compa-ny's shares. The TRS agreement has consistently been recognised at fair value, with any changes in value being included in 'Other financial items'. On 15 July 2013 the TRS agreement was real-ised and the entire shareholding acquired. The accumulated gain on the TRS agreement has totalled NOK 76,706,000, of which NOK 26,683,000 was recognised in 2013. Following this, SalMar owned 14.88% of Bakkafrost's shares. The change in the value of the shares between acquisition on 15 July 2013 and 12 December 2013 includes the NOK 82,781,000 change in value mentioned above.

On 12 December 2013 the remaining 14.88% shareholding in Bakkafrost PF was sold. The total net consideration received for the remaining shareholding was NOK 616,443,000. The recognised gain on this shareholding totalled NOK 18,576,000.

Realisation of shares in Nordskag Næringspark AS

In 2013 the Group also realised its 42.5% share-holding in Nordskag Næringspark AS. A total of NOK 64,673,000 was received in consideration, which gen-erated a gain for the Group of NOK 40,755,000.

Acquisition of shares in Villa Organic AS

Reference is made to the details of the transactions associated with the acquisition of shares in Villa Organic presented in Note 7. During the period 22 March to 2 April 2013 the Group agreed the acquisition of 41.3% of the shares in Villa Organic AS. The Group already owned 8.4% of the company's shares, and now acquired a considerable influence over the company, with a total shareholding of 49.7%. The investment was classified as an associate in accordance with the equity method from this date until 12 June 2013 when the SalMar Group acquired a controlling interest in the company (see Note 7). A total of NOK 12,855,000 was recognised during the year in respect of the Group's share of the profit from company deemed to be an associate. On the dates on which both a consider-able and a controlling interest was acquired the entire gain on the shares was deemed to have been realised and a new cost price established. On the date of the transition from financial instrument held for sale to associate, this generated a gain of NOK 15,000,000. Correspondingly, on the date of the transition from associate to subsidiary, a gain of NOK 6,587,000 was recognised. Both effects are included in the line for financial income in profit and loss, cf. Note 29.

Norskott Havbruk's shares are not listed on any stock exchange. The Group's share of the profit/loss from associates is recognised on a separate line in the income statement as the Group's share of the year's profit/loss after tax. Key figures for the largest investment which was still in the Group's possession at the close of the year are presented below.

	Total assets 31.12.2013	Total liabilities 31.12.13	Operating revenues	Net profit 2013
Norskott Havbruk konsern	1 412 993	608 124	1 189 140	202 149

note 10 • Financial instruments by category

The following principles for subsequent measurement of financial instruments have been applied to financial instruments in the balance sheet:

NOK 1000

As at 31 December 2013 Assets	Loans and receivables	Assets at fair value in profit & loss	Available for sale	TOTAL
Investments in shares & securities	0	0	384	384
Derivatives	0	17 636	0	17 636
Trade and other receivables	816 287	0	0	816 287
Bank deposits, cash & cash equivalents	1 070 998	0	0	1 070 998
TOTAL	1 887 285	17 636	384	1 905 306

As at 31 December 2013 Liabilities	Liabilities at fair value in profit & loss	Other financial liabilities at amortised cost	TOTAL
Loans	0	2 313 936	2 313 936
Financial leasing agreements	0	529 487	529 487
Derivatives	2 687	0	2 687
Trade and other payables, incl. statutory liabilities	0	705 725	705 725
TOTAL	2 687	3 549 148	3 551 835

As at 31 December 2012 Assets	Loans and receivables	Assets at fair value in profit & loss	Available for sale	TOTAL
Investments in shares and securities	0	0	15 760	15 760
Derivatives	0	65 032	0	65 032
Trade and other receivables	773 170	0	0	773 170
Bank deposits, cash & cash equivalents	55 336	0	0	55 336
TOTAL	828 506	65 032	15 760	909 298

As at 31 December 2012 Liabilities	Liabilities at fair value in profit & loss	Other financial liabilities at amortised cost	TOTAL
Loans	0	2 647 917	2 647 917
Financial leasing agreements	0	171 397	171 397
Derivatives	0	0	0
Trade and other payables, incl. statutory liabilities	0	916 280	916 280
TOTAL	0	3 735 594	3 735 594

note 11 • Financial assets available for sale

Shares in other companies *NOK 1000*	Book value 2013	Book value 2012
Villa Organic AS	0	15 000
Øvrige aksjer	384	760
Total	384	15 760

Shares in other companies are classified as available for sale. Investments in other shares are valued at cost, since this is considered the best estimate of fair value.

As at 31 December 2013, the Group owns 50.4% of the shares in Villa Organic. A controlling influence over the company was obtained through the stepwise acquisition of shares during the course of 2013. On the date of transition from financial asset available for sale to associate, the shares were measured at fair value on the transaction date. This generated a gain of NOK 15,000,000. See Notes 7 and 9 for further details.

Other shareholdings, worth a total of NOK 3,716,000, have been realised during the period. The recognised gain on these transactions totals NOK 3,341,000, which is included under 'Financial income', cf. Note 29.

note 12 • Derivatives

Derivatives entered into are measured at fair value. On the balance sheet date these are recognised in the balance sheet as follows:

	2013		2012	
Recognised fair value as at 31 Dec	Other receivables	Other current liabilities	Other receivables	Other current liabilities
Forward currency contracts	0	-582	14 759	0
Financial fish trading contracts (Fish Pool)	17 636	-2 105	249	0
TRS agreement	0	0	50 024	0
Total	17 636	-2 687	65 032	0

Forward currency contracts

The table below shows the company's forward currency contracts as at 31 December 2013. All the contracts relate to the buying and selling of currency against the NOK. Forward contracts are entered into to cover as much as possible of the foreign exchange risk on outstanding trade receivables and fish trading contracts. Forward currency contracts are recognised at fair value in the balance sheet. The Group does not use hedge accounting in its treatment of forward currency contracts.

Product	Type	Currency	Currency amount	Term	Exchange rate interval	Book value/ Fair value TNOK
Forward	Sale	EUR	93 314	Q1 2014 - Q1 2015	7,483-8,5421	-13 440
Forward	Sale	JPY	4 846 614	Q1 2014 - Q1 2015	0,0582-0,0630	14 059
Forward	Sale	GBP	21 413	Q1 2014 - Q1 2015	8,8545-10,1432	-3 759
Forward	Sale	USD	55 302	Q1 2014 - Q1 2015	5,9960-6,2650	3 471
Forward	Sale	SEK	1 228	Q1 2014	0,9346-0,9449	-6
Forward	Purchase	EUR	2 983	Q1 2014 - Q3 2014	7,9043-8,2226	128
Forward	Purchase	JPY	33 653	Q1 2014	0,0597-0,0597	-1 036
Total						-582

Financial fish trading contracts (Fish Pool contracts)

Financial fish sales/purchase contracts (derivatives) have been entered into on Fish Pool. The derivatives are recognised at fair value in profit and loss. Settlement of the contracts is due to take place in 2014. The fair value of the purchase contracts is calculated at NOK 17,636,000, based on the market price in effect on the balance sheet date. Correspondingly, the fair value of the sales contracts is calculated at NOK -2,105,000.

Realised Fish Pool contracts are classified in profit and loss under Operational EBIT, while unrealised changes in the value of the Fish Pool contracts are classified as part of the fair value adjustment. Realised Fish Pool contracts classified under operations came to NOK 641,000 in 2013. The corresponding figure for 2012 was NOK -6,681,000.

TRS agreement

The TRS agreement associated with shares in Bakkafrost P/F was realised in 2013. See Note 9 for further details.

note 13 • Receivables, provisions for bad debts

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

NOK 1000	2013	2012
Trade receivables	685 209	664 944
Provisions for bad debts	-23 060	-4 000
Other short-term receivables	217 584	245 501
Other long-term receivables	6 027	6 521
Total	885 760	912 966

Included in the item Other short-term receivables above are prepaid expenses in the amount of	51 836	74 763
Included in the item Other short-term receivables above are derivatives in the amount of	17 636	65 032
Included in the item Other short-term receivables above are VAT refunds due in the amount of	23 259	82 971
Included in the item Other long-term receivables above are the following, falling due for payment in more than one year	5 225	4 029
Included in the item Other long-term receivables above are pension assets in the amount of	802	2 492

Bad debts are classified as other operating expenses in the Income Statement.
Changes in provisions for bad debts and bad debts charged to expenses during the period are presented below.

NOK 1000	2013	2012
Provisions for bad debt 1 Jan	4 000	4 665
Provisions for bad debts in acquired businesses	14 658	0
Provisions for bad debts 31 Dec	23 060	4 000
Change in provisions for bad debts during the period	4 402	-665
Actual bad debts	3 174	3 298
Change in provisions for bad debts	4 402	-665
Bad debts charged to expenses during the period	7 576	2 633

See Note 2 for further details of credit risk and foreign exchange risk.

As at 31 December the company had the following trade receivables that had fallen due, but had not yet been paid :

NOK 1000	Total	Not due	<30 d	30-45d	45-90d	>90d
2013	709 469	537 348	115 284	7 152	8 887	40 798
2012	664 944	500 446	97 782	13 736	34 355	18 625

note 14 • Inventory and biological assets

NOK 1000	2013	2012
Raw materials	89 830	103 554
Goods in progress (entirely biological assets)	3 077 150	1 986 213
Finished goods	81 709	200 128
Total	3 248 689	2 289 895

Raw materials comprise mainly feed for smolt and marine-phase fish production. It also includes raw materials for use in processing, as well as packaging. Stocks of biological assets are associated with SalMar's fish farming activities on land and at sea. Finished goods comprises in its entirety whole salmon, fresh and frozen, as well as processed salmon products.

Biological assets in more detail

The treatment of live fish for accounting purposes is regulated by IAS 41 Agriculture. IAS 41 contains a method hierarchy for the measurement of biological assets for accounting purposes. The main rule is that such assets shall be measured at fair value. The best estimate for the fair value of fish under 1 kg live weight is accumulated cost, while for harvestable fish over 4 kg live weight the fair value adjustment of the biomass is set to expected net profit/loss. For fish between 1 kg and 4 kg live weight the fair value adjustment of the biomass is determined in accordance with IFRS 13. Biological assets which are valued in accordance with IFRS 13 are included in Level 3, where valuation is based on factors not deriving from observable markets. See Note 2 for further details on valuation levels. The value of the biomass is assessed quarterly. The assessment is reviewed and its quality verified at group level. Valuation is performed for each segment and down to site level.

Estimation of the fair value of the biomass rests largely on sound judgement. The most important factors influencing the estimated value of the biomass include, quality and size distribution, as well as market prices on the balance sheet date.

The market price of the various weight classes on the balance sheet date is corrected for sales costs, including harvesting costs and wastage. The market price is adjusted for quality variations. The sales prices used are based on external forward prices for the expected harvesting date, contract prices and/or the most relevant price information available for the period in which the fish is expected to be harvested.

Smolt are valued at cost.

The following table presents changes during the period for biological assets classified in level 3:

NOK 1000	2013	2012
Biological assets 1 Jan	1 986 213	1 420 788
Increase due to production/purchase	3 491 036	3 101 882
Increase deriving from acquisitions	216 148	20 869
Reduction resulting from sale/harvesting	-3 167 669	-2 824 270
Fair value adjustments 1 Jan (reversed)	-323 410	-56 465
Fair value adjustments 31 Dec (new)	874 833	323 410
Biological assets 31 Dec	3 077 150	1 986 213

The most important parameters affecting the fair value of the biological assets presented above.

The model rests on a weighted average of forward prices and contract prices based on the estimated harvesting time for the biomass. As at 31 December 2013 a price interval of NOK 35.88 to NOK 47.21 per kg has been stipulated. A price sensitivity analysis as at 31 December 2013 gives the following effect on the Group's operating profit (NOK 1,000):

Price change + 1 NOK/ kg	+ 54 313
Price change - 1 NOK/ kg	- 54 313

The Group's overall volume of biomass on the balance sheet date is also a material factor in an assessment of fair value. An overview of the Group's overall biomass and the size distribution within it is presented below. A sensitivity analysis of the biomass on the balance sheet gives the following effect on the Group's operating profit (NOK 1,000):

Change in biomass + 1%	+ 12 309
Change in biomass - 1%	- 13 057

NOK 1000	2013	2012
Biomass fish < 4 kg live weight (tonnes)	63 694	36 226
Biomass fish > 4 kg live weight (tonnes)	25 695	35 471
Total biomass (tonnes)	89 389	71 697
Fair value adjustment fish < 4 kg live weight (NOK 1,000)	538 711	149 189
Fair value adjustment fish > 4 kg live weight (NOK 1,000)	336 122	174 221
TOTAL fair value adjustment of biological assets (NOK 1,000)	874 833	323 410
Cost price biological assets (NOK 1,000)	2 202 317	1 662 803
Book value of biological assets (NOK1,000)	3 077 150	1 986 213

note 15 • Fair value adjustments

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

NOK 1000	2013	2012
Change in fair value of the biomass	529 433	268 749
Change in provisions for bad debts	-1 759	-1 805
Unrealised change in value of Fish Pool contracts	13 680	8 634
Unrealised change in value of forward currency contracts	-13 178	14 838
Recognised fair value adjustments	528 176	290 417

note 16 • Particular biological events

The Group classifies particular biological events on a separate line in profit and loss. Particular biological events means the mandatory culling of the entire salmon stock at sites suffering from an outbreak of Pancreas Disease (PD), and individual incidents involving the escape of substantial numbers of salmon. The amount charged to expenses is a provision corresponding to the full production cost of the culled stock, and costs incurred in connection with the clean-up and closure of the site. In the event of escaped fish, the amount charged to expenses corresponds to the full production cost of the escaped fish, plus costs incurred in connection with their recapture. In 2013 the Group experienced no incidents that are classified as particular biological events. In 2012 the SalMar Group experienced three outbreaks of PD at sites where the complete culling of stocks was ordered by the regulatory authorities. One such event related to SalMar Northern Norway and two to SalMar Central Norway.

NOK 1000	**2013**	**2012**
Costs deriving from the compulsory culling of stocks following PD outbreaks in SalMar Central Norway	0	13 217
Costs deriving from the compulsory culling of stocks following PD outbreaks in SalMar Northern Norway	0	41 398
Costs deriving from the escape of salmon from sites belonging to SalMar Central Norway	0	0
Costs classified as particular biological events	0	54 614

note 17 • Bank deposits

As at 31 December 2013 the item 'Bank deposits, cash & cash equivalents' included NOK 36,184,000 in restricted tax deductions (NOK 20,114,000 in 2012). Furthermore, some of the cash & cash equivalents are restricted with respect to Fish Pool contracts – a total of NOK 41,205,000 (NOK 23,500,000 in 2012). The Group had additional restricted funds amounting to NOK 126,126,000 at the close of the year, of which NOK 120,000,000 were restricted in association with the Bakkafrost transaction.

note 18 • Share capital and shareholders

As at 31 December 2013 the parent company's share capital comprised:

NOK 1000	**No.**	**Face value**	**Book value**
Ordinary shares	113 299 999	0,25	28 325

Shareholders

The 20 largest shareholders as at 31 December 2013 were:

	No.	**Shareholding**	**Voting share**
KVERVA AS	60 500 000	53,40 %	54,02 %
FOLKETRYGDFONDET	8 730 426	7,71 %	7,80 %
PARETO AKSJE NORGE	3 521 257	3,11 %	3,14 %
LIN AS	2 005 528	1,77 %	1,79 %
ODIN NORGE	1 930 117	1,70 %	1,72 %
PARETO AKTIV	1 482 260	1,31 %	1,32 %
SALMAR ASA	1 300 000	1,15 %	0,00 %
VERDIPAPIRFONDET DNB NORGE SELEKTI	1 072 714	0,95 %	0,96 %
PARETO VERDI	705 112	0,62 %	0,63 %
PENSATO CAPITAL FUNDS	663 874	0,59 %	0,59 %
UBS AG, LONDON BRANCH	614 090	0,54 %	0,55 %
VERDIPAPIRFONDET DNB NORGE (IV)	606 320	0,54 %	0,54 %
VERDIPAPIRFONDET DNB SMB	540 000	0,48 %	0,48 %
J.P. MORGAN CHASE BANK N.A. LONDON	522 300	0,46 %	0,47 %
DELPHI NORGE	520 000	0,46 %	0,46 %
FORSVARETS PERSONELLSERVICE	505 800	0,45 %	0,45 %
STOREBRAND VERDI	501 227	0,44 %	0,45 %
THE BANK OF NEW YORK MELLON	500 000	0,44 %	0,45 %
KLP AKSJE NORGE INDEKS VPF	470 653	0,42 %	0,42 %
J.P. MORGAN CHASE BANK N.A. LONDON	468 218	0,41 %	0,42 %
Total 20 largest shareholders	87 159 896	76,93 %	76,66 %
Total other shareholders	26 140 103	23,07 %	23,34 %
Total no. of shares	**113 299 999**	**100,00 %**	**100,00 %**

Shares owned by members of the board of directors and the CEO:

Name	**Position**	**No. of shares**	**Shareholding**	**Voting share**
Bjørn Flatgård *	Board Chair	1 525 162	1,35 %	1,36 %
Gustav Witzøe **	Director	58 332 701	51,49 %	52,08 %
Pål Georg Storø	Director	12 400	0,01 %	0,01 %
Leif Inge Nordhammer***	CEO	2 650 065	2,34 %	2,37 %

* owned indirectly through the family-owned company GloMar AS, which has shares in the Kverva Group. Account taken of own shares in Kverva AS.

** owned indirectly through the parent company in the Kverva Group, and includes shares owned by companies controlled by related parties. Account taken of own shares in Kverva AS.

*** owned indirectly through LIN AS, as well as shares in the Kverva Group. Account taken of own shares in Kverva AS

Board authorisations

The board has been granted two authorisations to raise the share capital by a maximum of NOK 2,830,000, through the issue of up to 11,318,670 shares. The authorisations are valid until the 2014 AGM or 30 June 2014 at the latest.

The board has also been authorised to acquire treasury shares with a face value of NOK 2,508,000, a total of 10,029,999 shares. The board's authorisation is valid until the 2014 AGM, or 30 June 2014 at the latest.

Dividend

A provision has been made for a dividend of NOK 8.00 per share, totalling NOK 896,000,000 as at 31 December 2013. No provision is made for payment of a dividend on the company's treasury shares.

note 19 • Interest-bearing debt

NOK 1000 **Long-term interest-bearing debt**	**2013**	**2012**
Debt to credit institutions	2 134 382	2 244 649
Leasing liabilities	529 487	171 397
Other non-current liabilities	50 402	402
Next year's instalment on long-term debt	-268 034	-193 020
Total long-term interest-bearing debt 31 Dec	2 446 237	2 223 428
Short-term interest-bearing debt		
Debt to credit institutions	129 153	403 268
Next year's instalment on long-term debt	268 034	193 020
Total short-term interest-bearing debt 31 Dec	397 186	596 288
Total interest-bearing debt	2 843 423	2 819 716
Cash & cash equivalents	1 070 998	55 336
Net interest-bearing debt	1 772 425	2 764 380

The book value of long-term debt is practically the same as fair value. Next year's instalments on bank loans and leasing agreements are classified as current liabilities in the balance sheet.

See Note 2 for details of the maturity profile of the Group's liabilities.

Interest-bearing debt in more detail

SalMar's main source of financing is a framework loan agreement of up to NOK 4,500 million, which was established in 2011. The loan agreement has a 5-year term and an instalment profile corresponding to repayments over 15 years. The outstanding amount borrowed is repayable in full when the loan's fixed period expires. As at 31 December 2013 NOK 1,991,682,000 had been drawn on this facility. The loan agreement is divided into four tranches. Tranche A, with a balance of 1,300 million and a repayment profile of 15 years. Tranche B, with a balance of NOK 203,011,000 and a repayment profile of 15 years. Tranche C, with a balance of

NOK 488,671,000 and a repayment profile of 15 years. The final tranche is a revolving credit facility, on which no drawdowns had been made as at 31 December 2013. Instalments are paid semi-annually. 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. The margin may vary between 1.25% and 4.50% depending on the Group's ratios.

This financing covers all companies within the Group, with the exception of Villa Organic AS, Vikenco AS and SalMar Japan K.K.

Estimated annual instalments on leasing liabilities in 2014 amount to NOK 57,154,000. Leasing agreements have an original term of 60-84 months, apart from the capitalised leasing agreement for the InnovaMar facility which has a term of 20 years.

Financial covenants
The most important financial covenants for the long-term financing of SalMar ASA are, respectively, a solvency requirement, which stipulates that the Group's recognised equity ratio shall exceed 35% (down to 30% 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.

Financial covenants also apply to the overdraft facility held by the sub-group Villa Organic. As at 31 December 2013, Villa Organic had a credit limit of NOK 155,000,000 on its overdraft, of which NOK 90,339,000 had been drawn down as at 31 December 2013. The most important financial covenants associated with the financing of Villa Organic are a solvency requirement, which stipulates that the sub-group's equity ratio shall exceed 30%, and that the company's interest-bearing debt to EBITDA ratio shall not exceed 6. At the time of writing, the entire drawdown of NOK 90,339,000 has been repaid and the overdraft agreement terminated.

note 20 • Deferred tax assets and liabilities, and tax expense

NOK 1000

The year's tax expense breaks down as follows:	2013	2012
Tax payable	25 843	7 009
Change in deferred tax	437 253	106 918
Effect of change in tax rate	-44 574	0
Surplus/shortfall in tax provisions in previous years	173	13 135
Tax on ordinary profit	418 695	127 062

Tax payable in the balance sheet	2013	2012
Tax payable in the year	25 843	7 009
Change in tax payable in previous years	0	0
Tax payable in the balance sheet	25 843	7 009

Breakdown of temporary differences	2013	2012
Intangible and operating assets	1 642 175	1 162 057
Financial leasing	72 243	65 856
Non-current financial assets	1 048	999
Inventory	3 091 104	2 240 540
Receivables	-16 119	-29 588
Other	-17 429	-3 836
Non-current liabilities	0	0
Profit & loss account	106 178	6 787
Losses carried forward	-436 397	-327 109
TOTAL temporary differences	4 442 802	3 115 706
Deferred tax liabilities (+) / deferred tax assets (-)	1 199 557	872 398

Change in deferred tax in the balance sheet:	2013	2012
Deferred tax 1 Jan	872 398	738 475
Deferred tax associated with acquisitions	-64 583	30 096
Change in deferred tax in profit and loss	437 253	106 918
Change in deferred tax resulting from changed tax rate - effect recognised in profit and loss	-44 574	0
Deferred tax associated with equity transactions	-937	-3 091
Deferred tax 31 Dec	1 199 557	872 398

Reconciliation from nominal to actual tax rates	2013	2012
Profit before tax	2 322 071	608 504
Expected tax at nominal tax rate	650 180	170 381
Effect of change in tax rate	-44 574	0
Permanent differences (28%)	-187 084	-56 454
Surplus/shortfall in tax provisions in previous years	173	13 135
Calculated tax expense	418 695	127 062
Effective tax rate	18,0 %	20,9 %

Permanent differences apply to the following:		
Option expenses	3 192	1 592
Options redeemed	-5 476	0
Share of profit/loss from associates	-44 234	-26 295
Derivatives (TRS agreement)	-7 471	-14 007
Realisation of shares and securities within the exemption method	-71 221	0
Change in value of financial assets at fair value in profit and loss	-23 179	0
Dividend received within the exemption method	-1 312	0
Non-recurring gains associated with acquisitions	-45 292	-17 469
Other	7 908	-276
Total	-187 084	-56 454

note 21 • Pension costs, assets and liabilities

The enterprise has a duty to provide an occupational pension scheme, under the Mandatory Occupational Pensions Act, and has a pension scheme that meets the requirements of this legislation.

In 2006 the Group switched from a defined-benefits pension plan to a defined-contribution pension scheme. Only those assets and liabilities associated with employees who were on sick leave or in receipt of disability benefits, in addition to the residual pensioners, remain in the defined-benefits scheme. As at 31 December 2013 the pension liability associated with the defined-benefits plan derives in its entirety from 10 pensioners. Liabilities associated with this scheme are not included in the Group's pension calculations.

Total pension costs for the Group break down into two parts, one contribution-based and one benefits-based, as follows:

NOK 1000	2013	2012
Premiums paid into the defined-contribution scheme	19 592	11 484
Costs relating to the defined-benefits plan	50	-123
Accrued employers' national insurance contributions	1 061	613
Year's pension costs, incl. employers' national insurance contributions	20 702	11 974

Pension assets and liabilities recognised in the Group's balance sheet break down as follows:

	2013	2012
Capitalised pension assets associated with secured scheme	802	2 492
Capitalised pension liabilities associated with unsecured scheme (AFP)	0	528
Net pension assets	802	1 964

note 22 • Liens, guarantees, etc

NOK 1000

Recognised liabilities secured through liens, etc:	2 013	2 012
Short-term debt to credit institutions	129 153	403 268
Long-term debt to credit institutions	2 134 382	2 244 649
Leasing liabilities and other non-current liabilities	579 487	171 799
Total	2 843 021	2 819 716

Book value of assets pledged as security for recognised liabilities	2 013	2 012
Property, plant & equipment and licences	3 831 598	2 931 305
Shares in Bakkafrost PF	0	630 236
Inventory and biological assets	3 248 689	2 289 895
Trade receivables	662 149	660 944
Bank deposits	506 084	0
Total	8 248 521	6 512 380

As at 31 December 2013 the Group had not issued guarantees with respect to third parties.

note 23 • Other off-balance sheet liabilities

Material operational leasing agreements

The Group has had a leasing agreement with Wessel Invest AS, with the right to extend for a period of 10 years on unaltered terms. The contract is for the lease of the Kjørsvik Settefisk hatchery, and includes the lease of water rights. This contract expired on 1 January 2014. A provision has been made for expected costs associated with this matter in the Group's annual accounts. With effect from 2014 the facility is leased on a monthly basis until the situation has been clarified.

The Group has also entered into a 10-year leasing contract with Romsdalsfisk AS, which expires on 1 April 2017. The contract is for the lease of Vikenco's harvesting plant. The Group has the preferential right to continue leasing the premises. The rental payment is divided into a fixed portion and a variable portion, which is capped at NOK 300,000.

The Group has a leasing agreement with Norskag Næringspark for the InnovaMar landing facility, final possession of which was taken over in 2011. Up until 1 October 2013 this leasing agreement was treated for accounting purposes as an operational leasing agreement. After the terms of this agreement were changed, it is now treated for accounting purposes as a financial leasing agreement. See Note 5 for further details. NOK 26,672,000 in rent was charged to expenses in the period to 1 October 2013.

NOK 1000	Less than 1 year	2-5 years	More than 5 years	Total
Total future leasing payments	6 255	10 331	103	16 689

note 24 • Other current liabilities

Other current liabilities comprise:

NOK 1000	2013	2012
Accrued holiday pay	60 153	36 065
Accrued interest	16 450	28 917
Derivatives	2 687	0
Contingent consideration	0	15 000
Provisions	5 000	0
Option liabilities	6 771	0
Other accrued costs and provisions	101 495	73 533
TOTAL other current liabilities	192 556	153 515

note 25 • Sales revenues

Geographic breakdown of sales revenues based on the location of the customer

The Group's sales are primarily made through the subsidiaries SalMar Sales AS and Vikenco AS. In addition, from the date of acquisition of Villa Organic, the Group has derived revenues via this company. See Note 7 for further details.

Group revenues by geographic market:	2013	2012
Asia	25,1 %	24,4 %
Russia	5,2 %	5,3 %
Europe, excl. Norway	34,0 %	33,1 %
Norway	30,9 %	34,8 %
Other	4,8 %	2,4 %
Total	100,0 %	100,0 %

note 26 • Payroll costs, no. of employees, remunerations, employee loans, etc.

Payroll costs *NOK 1000*	2013	2012
Salaries, incl. holiday pay and bonuses	523 971	405 016
Employers' national insurance contributions	35 478	27 719
Pension costs (see Note 21)	19 592	11 361
Options	11 400	2 840
Contract labour	15 954	20 100
Other benefits	16 658	16 179
TOTAL	623 053	483 215
No. of full-time equivalents employed during the financial year.	998,5	822,5

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

2013 *NOK 1000* **Senior executives**	Salary	Bonus, incl. extraordinary bonus	Benefits-in kind	Accrued pension costs	Exercised options
Leif Inge Nordhammer, CEO *	0	0	0	0	0
Yngve Myhre, CEO **	3 097	1 076	9	48	0
Ulrik Steinvik, CFO ***	1 582	560	9	47	2 194
Trond Tuvstein, CFO ****	1 691	604	9	47	3 017
Bjørn Larsen, Director, Fish Farming	1 722	612	9	51	3 017
Gustav Witzøe, Director, Business Development	1 047	335	61	46	0
Eva Haugen, Group Quality Assurance Manager	988	393	9	42	823

* Took over the position on 20 Jan 2014 and has thus not received salary in 2013.
** Stepped down in Jan 2014
*** Stepped down on 15 Oct 2013
**** Took over the position on 15 Oct 2013

Severance pay for former CEO

CEO Yngve Myhre stepped down in January 2014. He is entitled to salary payments during a 6-month period of notice, plus 6-months' severance pay.

2012 *NOK 1000* **Ledende ansatte**	Lønn	Bonus, inkl. ekstraord bonus	Natural-ytelser	Periodisert pensjons-kostnad	Utøvde opsjoner
Yngve Myhre, CEO	2 917	250	8	60	0
Ulrik Steinvik, CFO *	1 526	150	8	58	0
Bjørn Larsen, Director, Fish Farming	1 626	110	17	58	0
Gustav Witzøe, Director, Business Development	1 040	110	165	65	0
Dag Nikolai Ryste, Director, Sales	1 063	0	171	64	0
Eva Haugen, Group Quality Assurance Manager	838	140	8	62	0

* Took over the position on 1 March 2012

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.

Benefits-in-kind

The company does not offer benefits-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 are 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.

Board of directors *NOK 1000*	Director's fee 2013	Director's fee 2012
Bjørn Flatgård, Board Chair	280	280
Gustav Witzøe	90	90
Kjell A. Storeide *	215	180
Nina Udnes Tronstad (until June 2013)	180	180
Tove Nedreberg **	205	0
Alf Jostein Skjærvik, employee representative *	115	90
Arnt Mjønes, employee representative	90	90

* Has received an additional NOK 35,000 in remuneration as a member of the Audit Committee.
** Has received an additional NOK 25,000 in remuneration as a member of the Audit Committee.

Directors' fees are not performance-related.

The fee payable to employee representatives on the board of directors is presented above. The total remuneration paid by the Group to employee representatives on the board, including directors' fees as stated above, was as follows in 2013:

Alf Josten Skjærvik (office held until 2013 AGM):	NOK	1,499,000 *
Arnt Mjønes (office held until 2013 AGM):	NOK	603,000
Pål Georg Storø (office held from 2013 AGM):	NOK	1,368,000 *
Hanne Kristine Tobiassen (office held from 2013 AGM):	NOK	687,000

* Includes options redeemed during the period.

Loans and guarantees to senior executives and members of the board
The Group has extended a loan to former CEO Yngve Myhre through Rosøy AS, which is wholly owned by Mr Myhre. The shares in Rosøy AS have been pledged as surety for the loan. The recognised balance of the loan as at 31 December 2013 is NOK1,008,200.

Loans and guarantees to employees

NOK 1000	Loans	Sureties
Employees	3 156	0

Options
A total of 64 people in the company, including the entire group management team, received in 2010, 2011 and 2012 a total of 1,835,000 options to purchase the company's shares. In the period from the granting of the options until 31 December 2013, a total of 11 people left the company and 453,520 options have therefore lapsed. Members of the board of directors do not have options.

Group management's option holdings are presented below. Movements in the number of options outstanding for the active option scheme have been as follows:

	2 013 Average strike price per share	Options	2 012 Average strike price per share	Options
As at 1 Jan	54,30	1 325 000	54,30	1 406 668
Granted during the year		0	54,30	110 000
Lapsed during the year		0	54,30	-191 668
Exercised	67,97	-1 060 391	54,30	0
Expired		0	54,30	0
As at 31 Dec	74,00	264 609	53,65	1 325 000

Group management has the following options:

	Options held 01.01	Exercised during the year	Options held 31.12	Average strike price per share	Average term
Yngve Myhre, CEO *	131 575	0	131 575	0	2,5 years
Trond Tuvstein, CFO	111 333	-111 333	0	76,8	3,5 years
Bjørn Larsen, Director, Fish Farming	111 333	-111 333	0	76,8	3,5 years
Gustav Witzøe, Director, Business Development	0	0	0	0	0
Eva Haugen, Group Quality Assurance Manager	30 363	-30 363	0	76,8	3,5 years

* Yngve Myhre stepped down as CEO in January 2014. The new CEO, Leif Inge Nordhammer, has no options.

1/3 of the options granted may be exercised from the date of the company's annual general meeting in 2011/2012 until one week after the publication of the company's first quarter report 2014/2015. 1/3 of the options granted may be exercised from the date of the company's AGM in 2012/2013 until one week after the publication of the first quarter report 2014/2015. 1/3 of the options granted may be exercised from the date of the company's AGM in 2013/2014 until one week after the publication of the first quarter report 2014/2015. Options may only be exercised if the holder is an employee of the company at the start of the relevant exercise period.

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 2010 were the share price when the option was granted (NOK 52.0), the strike price (NOK 54.3), volatility at 50%, risk-free interest of 2.5% and the term of the option.

The most important input data when calculating the value of the options granted in 2011 were the share price when the option was granted (NOK 60), the strike price (NOK 54.3), volatility at 50%, risk-free interest of 2.5% and the term of the option.

The most important input data when calculating the value of the options granted in 2012 were the share price when the option was granted (NOK 28.6), the strike price (NOK 54.3), volatility at 50%, risk-free interest of 1.5% and the term of the option.

The option agreement stipulates that the strike price and the number of options be adjusted if a capital increase is performed during the period. In 2012 new capital was raised by means of a rights issue. This resulted in the strike price being adjusted from NOK 54.30 to NOK 53.65, and the number of options increased by 1.2%.

At a meeting on 8 May 2013 the board of directors decided to open the way for cash settlement of the options. From that date the option liability was reclassified from equity to liabilities in the amount of NOK 17,221,000. From this date, too, the option liability is calculated each quarter, with any change in value recognised in profit and loss. From the date on which the decision with respect to cash settlement was taken until 31 December 2013, this has resulted in a NOK 10,104,000 increase, which has in its entirety been ascribed to the options. The recognised option liability as at 31 December 2013 is NOK 6,772,000. At the same time, a total of 1,066,965 options, worth NOK 20,553,000, were exercised during the period. As at 31 December 2013, 264,611 options remain outstanding.

Auditor
The fees paid to the Group's auditor (ex. VAT) break down as follows:

NOK 1000	2013	2012
Statutory auditing services	1 839	2 041
Other certification servicesr	112	107
Tax advisory services	96	86
Other services	578	236
Total	2 625	2 470

note 27 • Operating expenses

Specification of other operating expenses:
Godtgjørelse til konsernets revisor (ekskl. MVA) fordeler seg slik:

NOK 1000	**2013**	**2012**
Maintenance	136 016	133 940
Operating equipment	49 293	39 728
Direct input factors	98 604	58 751
Delivery costs	423 076	322 495
Other operating costs	379 310	331 069
Total	1 086 299	885 983

Research and development 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 salmon lice project, as well as the offshore fish farm 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 17,708,000 in R&D costs was charged to expenses in 2013 (NOK 3,324,000 in 2012).

note 28 • Government grants

Group companies took to income NOK 3,187,000 in SkatteFUNN contributions in 2013. The corresponding figure for 2012 was NOK 598,200.

note 29 • Financial items

NOK 1000	**2013**	**2012**
Gains on TRS agreement	26 683	50 024
Gains on shares	254 360	0
Change in value of financial assets at fair value in profit and loss	82 781	0
Dividend	4 686	0
Other financial income	5 847	153
Financial income	374 357	50 177
Other financial expenses	1 596	8 313
Financial expenses	1 596	8 313

note 30 • Earnings per share

NOK 1000	**2013**	**2012**
Net profit for the year (controlling interest's share)	1 790 041	467 370
Ordinary shares 1 Jan	113 299 999	103 000 000
Effect of share issue	0	10 299 999
EEffect of buyback of treasury shares	0	0
Average no. of shares outstanding through the year	113 299 999	111 583 333
Effect of options granted	0	0
Average no. of diluted shares outstanding through the year	113 299 999	111 583 333
Earnings per share		
Basic	15,80	4,20
Diluted	15,80	4,20

The Group has an option scheme for certain company employees (see Note 26). Some of the options granted may be exercised, but the average share price was lower than the strike price in 2012. The options therefore had no diluting effect. In 2013 SalMar's board of directors decided to allow cash settlement of the options. All options which have been redeemed in 2013 have been settled in cash. There is therefore no basis for calculating any diluting effect of the options in 2013.

note 31 • 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 SalMar ASA. The ultimate parent company is Kvarv AS, which prepares its own consolidated accounts in accordance with NGAAP.

NOK 1000

Transactions with related parties:		Sales	Purchases	Receivables	Liabilities
Kverva AS	Owns 53.4% of Salmar ASA	75	480	0	0
Nordskag Næringspark AS *	Associate	0	29 234	0	0
Total		75	29 714	0	0

* The Group leases the landing facility InnovaMar from the associated company Nordskag Næringspark AS in which SalMar had a 42.5% shareholding until 17 October 2013, when the Group realised its shareholding, cf. Note 9 for further details. From this date Nordskag Næringspark AS is no longer deemed to be a related party.

Transactions between the Group and related parties are undertaken on market terms and conditions.
Dividends have also been received from associates. See Note 9 for further details.

FINANCIAL ACCOUNTS SALAMR ASA 2013

Income Statement

NOK 1000

OPERATING REVENUES AND OPERATING EXPENSES	NOTE	2013	2012
Sales revenues	2	52 170	39 838
Total operating revenues		**52 170**	**39 838**
Salary and payroll costs	3	42 814	25 045
Depreciation of property, plant & equipment	4	772	713
Other operating expenses	3	35 957	16 027
Total operating expenses		**79 543**	**41 785**
Operating profit/loss		**-27 373**	**-1 947**
FINANCIAL INCOME AND FINANCIAL EXPENSES			
Income from investments in subsidiaries	5	436 235	720 293
Income from investments in associates	6	565 905	29 737
Interest received from group companies		98 267	96 607
Other interest income		5 512	1 345
Other financial income		890	0
Other interest expenses		118 017	151 427
Other financial expenses		52 170	92
Net financial items		**936 622**	**696 464**
Ordinary profit/loss before tax		**909 249**	**694 516**
Tax	12	93 910	-5 398
Profit after tax		**815 339**	**699 914**
NET PROFIT/LOSS FOR THE YEAR		815 339	699 914
ALLOCATIONS			
Dividend provisions	8,9	896 000	0
Transferred to/from other equity	9	-80 661	699 914
TOTAL allocations		**815 339**	**699 914**
Group contributions received before tax	5,11	436 235	20 273
Group contributions paid before tax	11	-312 151	0

Balance Sheet

NOK 1000

ASSETS	NOTE	2013	2012
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax assets	12	412	6 919
Total intangible assets		**412**	**6 919**
Property, plant & equipment			
Land, buildings and other real property	4	2 159	2 159
Plant, equipment and operating consumables	4	7 022	3 137
Total property, plant & equipment	**14**	**9 181**	**5 296**
Non-current financial assets			
Investments in subsidiaries	5, 14	953 422	557 495
Loans to group companies	8, 11, 14	2 371 596	1 785 000
Investments in associates	6, 14	162 890	757 139
Investments in shares and other securities		10	15 191
Pension fund assets	10	3	172
Other receivables	7	1 892	1 719
Total non-current financial assets		**3 489 813**	**3 116 715**
Total non-current assets		**3 499 406**	**3 128 930**
CURRENT ASSETS			
Receivables			
Trade receivables	14	0	146
Short-term receivables from group companies	11,14	497 524	1 122 671
Other receivables	11,14	11 308	16 764
Total receivables		**508 831**	**1 139 581**
Bank deposits, cash & cash equivalents	14,16	916 937	3 264
Total current assets		**1 425 768**	**1 142 845**
TOTAL ASSETS		4 925 174	4 271 775

Balanse *NOK 1000*

EQUITY AND LIABILITIES	NOTE	2013	2012
EQUITY			
Paid-in equity			
Share capital	8, 9	28 325	28 325
Treasury shares	9	-325	-325
Share premium fund	9	415 285	415 285
Other paid-in equity	9	25 516	41 441
Total paid-in equity		468 801	484 726
Retained earnings			
Other equity	9	1 060 929	1 141 590
Total retained earnings		1 060 929	1 141 590
Total equity	9	1 529 731	1 626 317
Liabilities			
Other non-current liabilities			
Debt to credit institutions	13,14	1 991 682	2 144 554
Total other non-current liabilities		1 991 682	2 144 554
Current liabilities			
Debt to credit institutions	13,14	0	431 615
Trade payables		1 920	1 689
Dividend	8, 9	896 000	0
Public charges payable		35 981	4 242
Short-term payables to group companies	11	436 163	13 660
Other current liabilities		33 697	49 699
Total current liabilities		1 403 762	500 904
Total liabilities		3 395 443	2 645 458
Total equity and liabilities		4 925 174	4 271 775

Frøya, 8th of April 2014

Bjørn Flatgård
Chair

Gustav Witzøe
Director

Tove Elin Nedreberg
Director

Kjell A. Storeide
Director

Merethe Helene Holte
Director

Pål Georg Storø
Director/Employee representative

Hanne Kristine Tobiassen
Director/Employee representative

Leif Inge Nordhammer
President & CEO

Statement of Cash Flow *NOK 1000*

	Note	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
Ordinary profit before tax		909 249	694 516
Tax paid during the period	12	0	0
Depreciation	4	772	713
Income from investments in subsidiaries	5	-436 235	-720 293
Income from investments in associates	6	-565 905	-29 737
Options charged to expenses	3	10 429	1 463
Gains/losses on the sale of non-current assets		66	0
Gains/losses on the sale of non-current financial assets		-890	0
Change in trade receivables		146	568
Change in trade payables		231	-18
Change in other time-limited items		12 658	-15 517
Net cash flow from operating activities		-69 478	-68 305
CASH FLOW FROM INVESTING ACTIVITIES:			
Receipts from sale of property, plant & equipment	4	200	0
Payments for purchase of property, plant & equipment	4	-4 924	-597
Change in intra-group balances	11	314 686	-579 716
Receipts of group contributions and dividends from subsidiaries	5	270 293	50 271
Receipts of dividends from associates and other investments	6	60 071	28 250
Net receipts from sale of non-current financial assets	6	1 188 222	0
Net payments for purchase of non-current financial assets	5, 6	-240 359	-7 651
Net cash flow from investing activities		1 588 190	-509 442
CASH FLOW FROM FINANCING ACTIVITIES:			
Long-term debt raised		0	110 000
Long-term debt repaid		-152 873	-149 210
Net change in overdraft		-431 615	309 625
Options redeemed	3	-20 553	0
Net receipts from share issue		0	303 417
Dividend (paid)		0	0
Net cash flow from financing activities		-605 040	573 833
Net change in bank deposits, cash & cash equivalents		913 672	-3 914
Bank deposits, cash & cash equivalents as at 1 Jan		3 264	7 177
Bank deposits, cash & cash equivalents as at 31 Dec		916 937	3 264
Unused drawing rights		1 970 000	1 538 621

NOTES TO FINANCIAL STATEMENTS

note 1 • Accounting principles

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 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.

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 operating 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 and 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 SalMar 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 write-down 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 no longer applies.

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 has a defined-contribution occupational pension scheme. 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.

In the event of a decision to permit the cash settlement of options, the option liability will be reclassified from equity to liabilities. From the same date, the value of the option liability will be measured anew at the close of each period, with any changes recognised in profit and loss.

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 27 per cent on the temporary differences between accounting and tax values, as well as tax 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.

note 2 • Sales revenues

The parent company SalMar ASA is a holding company primarily engaged in the provision of administrative services to its subsidiaries. Consequently, the parent company's revenues derive solely from one business area, and are divided between revenues from intra-group services and other revenues as specified below.

NOK 1000	2013	2012
Revenues from provision of administrative services to group companies	52 119	39 643
Revenues from provision of adminstrative services to associates	0	102
Other revenues	50	93
Total	52 170	39 838

note 3 • Payroll costs, no. of employees, remuneration, employee loans, etc

PAYROLL COSTS *NOK 1000*	2013	2012
Salaries, incl. holiday pay & bonuses	26 347	19 427
Employers' national insurance contributions	2 579	1 037
Pension costs	857	616
Options	10 429	1 463
Other benefits	2 602	2 502
Total	42 814	25 045
No. of people employed (full-time equivalents) during the financial year	21	19

Remuneration paid to senior company officers and the auditor
Please see Note 26 to the consolidated financial statements for details of the remuneration paid to senior executives.

Options

Eight company employees received a total of 502,500 options to acquire company shares in the period 2010 to 2012. Two employees who had received options have left the company during the period. In addition, the former CEO received 220,000 options to purchase company shares. 90,000 of these options have expired in previous periods. Members of the board of directors do not have share options. Apart from this, 57 people employed at subsidiaries have received a total of 1,112,500 options to purchase company shares. The option cost relating to employees of subsidiaries is charged to expenses by the respective subsidiaries.

At a meeting on 8 May 2013 the board of directors voted to open the way for cash settlement of options. The option liability was from this date reclassified from equity to a liability totalling 17,221,000. Since this date the option liability is calculated on a quarterly basis, with changes in value recognised in profit and loss. The cost associated with changes in the option liability is charged in its entirety to SalMar ASA. From the date of the decision with respect to cash settlement until 31 December 2013, this has resulted in an increase in the liability of NOK 10,104,000, which has been added in its entirety to the liability. At the same time a total of 1,060,391 options, worth NOK 20,553,000 have been redeemed during the period. As at 31 December 2013, there were 264,611 options remaining, and the recognised option liability totalled NOK 6,772,000.

Please see Note 26 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:

	2013	2012
Statutory auditing services	417	364
Other certification services	5	17
Tax advisory services	2	8
Other services	238	88
TOTAL	662	476

note 4 • Property, plant & equipment

NOK 1000	Real property	Operating equipment, fixtures, etc	TOTAL
Acquisition cost 1 Jan 2013	2 159	6 762	8 921
Additions	0	4 924	4 924
Disposals	0	-1 100	-1 100
Acquisition cost 31 Dec 2013	2 159	10 586	12 745
Acc. depreciation & write-downs 1 Jan 2013	0	3 626	3 626
Year's depreciation	0	772	772
Acc. depreciation disposals	0	-834	-834
Acc. depreciation 31 Dec 2013	0	3 565	3 565
Book value 31 Dec 2013	2 159	7 022	9 181
Economic lifespan		5-10 years	
Depreciation plan		straight-line	
Annual leasing of off-balance sheet operating assets	3 242	102	3 344

note 5 • Subsidiaries

Investments in subsidiaries are recognised in accordance with the cost method.

COMPANY	Registered office	Voting share/ shareholding	Book value 2013	Book value 2012
SalMar Settefisk AS	Kverva	100 %	113 856	28 968
SalMar Farming AS	Kverva	100 %	89 050	88 671
SalMar Nord AS	Senja	100 %	316 509	316 373
SalMar Processing AS	Kverva	100 %	88 696	78 540
Astamarin AS	Kverva		0	5 015
SalMar - Tunet AS	Kverva	100 %	7 183	7 071
SalMar Sales AS	Kverva	100 %	152 550	32 857
Villa Organic AS	Molde	50,4 %	170 122	0
Ocean Farming AS	Frøya	91 %	15 447	0
TOTAL subsidiaries			953 422	557 495

SalMar ASA has recognised group contributions from the following subsidiaries (TNOK):	2013	2012
- SalMar Farming AS	394 442	0
- SalMar Nord AS	41 793	0
- SalMar Processing AS	0	19 842
- Astamarin AS	0	451
TOTAL	436 235	20 293

SalMar ASA has recognised dividends from the following subsidiaries (TNOK):	2013	2012
- SalMar Farming AS	0	500 000
- SalMar Nord AS	0	200 000
TOTAL	0	700 000
Total recognised income from investments in subsidiaries	436 235	720 293

note 6 • Associates

Investments in associates are recognised in accordance with the cost method.

COMPANY	Registered office	Voting share/ shareholding	Book value 2013	Book value 2012
Norskott Havbruk AS	Bergen	50 %	162 787	162 787
Bakkafrost PF	Glyvrar	0,0 %	0	570 835
Nordskag Næringspark AS	Kverva	0,0 %	0	23 375
Trøndersk Kystkompetanse AS	Dyrvik	20 %	103	103
Ocean Farming AS	Frøya	39 %	0	39
TOTAL associates			162 890	757 139

COMPANY	Recognised dividend	Book value of gain on realisation	Equity in last year-end finan. stat.	Profit/loss in last year-end finan.
Norskott Havbruk AS	26 000		804 870	202 149
Bakkafrost PF	29 865	464 576		
Nordskag Næringspark AS	4 166	41 298		
Trøndersk Kystkompetanse AS	0		1 504	-66
	60 031	505 874		

Income from investments in associates, totalling NOK 565,905,000 comprises recognised dividend from associates in the amount of NOK 60,031,000, cf. above, as well as gains on the realisation of assets totalling NOK 505,874,000, cf. above.

During the period SalMar ASA realised its shareholding in Bakkafrost PF. In addition to a shareholding of 25.2% at the start of the year, SalMar ASA acquired 4.66% in Bakkafrost PF through a TRS agreement. The entire 29.86% shareholding was realised in 2013 by means of two transactions. The total consideration generated by the sale came to NOK 1,122,518,000 with the associated gain totalling NOK 464,576,000.

SalMar ASA also realised its 42.5% shareholding in Nordskag Næringspark AS during 2013. Total consideration came to NOK 64,673,000, which generated a gain for SalMar ASA of NOK 41,298,000.

note 7 • Receivables falling due more than one year hence

	2013	2012
Other receivables	143	143
Loans to employees	1 750	1 576
Loans to group companies	2 371 596	1 785 000

note 8 • Share capital and shareholders

The company's share capital as at 31 December 2013 comprises:

NOK 1000	No.	Face value	Book value
Ordinary shares	113 299 999	0,25	28 325

Please see Note 18 to the consolidated financial statements for details of the largest shareholders and senior executives' holdings of company shares.

Dividend

A provision has been made with respect to a dividend payout of NOK 8 per share, totalling NOK 896,000,000 as at 31 December 2013. No provision is made for dividends on the company's own treasury shares.

note 9 • Equity

	Share capital	Treasury shares	Share premium	Other paid-in equity	Other equityl	Total equity
Equity as at 31 Dec 2012	28 325	-325	415 285	41 441	1 141 590	1 626 317
Year's change in equity:						
Profit/loss in the period	0	0	0	0	815 339	815 339
Dividend provision	0	0	0	0	-896 000	-896 000
Option cost recognised in equity	0	0	0	1 296	0	1 296
Reclassification of options	0	0	0	-17 221	0	-17 221
Equity as at 31 Dec 2013	28 325	-325	415 285	25 516	1 060 929	1 529 731

An option agreement has been entered into with senior company executives. For further details of the option agreement, as well as the reclassification of options, please see Note 3.

Provisions with respect to dividend payouts are presented in Note 8.

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 that meets the requirements thereof.

The company has no defined-benefits pension schemes.

Premiums under the defined-contribution scheme are charged to expenses as they fall due. TNOK 811,1 was charged to expenses in connection with the defined-contribution pension scheme in 2013 (TNOK 686,8 in 2012).

note 11 • Intra-group balances, etc

NOK 1000	Non-current receivables 2013	Non-current receivables 2012	Other short-term receivables 2013	Other short-term receivables 2012
Group companies	2 371 596	1 785 000	497 524	1 122 671
Associates	0	0	0	144
Total	**2 371 596**	**1 785 000**	**497 524**	**1 122 815**

NOK 1000	Other short-term receivables 2013	Other short-term receivables 2012
Group companies	436 163	13 660
Associates	0	0
Total	**436 163**	**13 660**

Other short-term receivables from group companies, which totalled NOK 495,231,000 as at 31 December 2013, includes NOK 436,235,000 in group contributions receivable from subsidiaries (NOK 720,293,000 in 2012). The figure for 2012 also includes NOK 381,369,000 in receivables from group companies participating in the group account scheme. Other short-term receivables over and above this were ordinary trade receivables.

Other short-term payables to group companies as at 31 December 2013 includes NOK 312,151,000 in liabilities in the form of group contributions. In addition, payables to group companies participating in the group account scheme totalled NOK 43,660,000. Other payables to group companies as at 31 December 2013 were ordinary trade payables.

note 12 • Tax

Breakdown of the year's tax expense:	2013	2012
Tax payable	87 402	0
Change in deferred tax	6 492	-5 766
Tax provisions (shortfall/excess) in previous years	0	368
Effect of change in tax rate from 28% to 27%	15	0
Tax on ordinary profit/loss	**93 910**	**-5 398**

Breakdown of the year's taxable income	2013	2012
Profit before tax	909 249	694 516
Permanent differences	-573 910	-720 692
Change in temporary differences	2 900	88
Tax-loss carryforward employed	-26 087	0
Group contribution paid	-312 151	0
Year's taxable income	**0**	**-26 087**

Tax payable in the balance sheet	2013	2012
Tax payable for the year	87 402	0
Tax on group contributions paid	-87 402	0
Tax payable in the balance sheet	**0**	**0**

Breakdown of temporary differences	2013	2012
Operating assets, incl. goodwill	1 822	936
Non-current financial assets	3	172
Profit & loss account	214	267
Provisions	-3 564	0
Losses carried forward	0	-26 087
TOTAL temporary differences	**-1 525**	**-24 712**

Deferred tax liabilities (+) / deferred tax assets (-)	-412	-6 919
Deferred tax recognised in equity	0	1 563

Reconciliation from nominal to actual tax rate	2013	2012
Profit before tax	909 249	694 516
Expected tax on income at nominal tax rate	254 590	194 465
Permanent differences (28%)	-160 695	-201 794
Tax recognised in equity	0	1 563
Tax provisions (shortfall/excess)	15	368
Estimated tax expense	93 910	-5 398
Effective tax rate	10,3 %	-0,8 %

note 13 • Debt

Debt falling due more than five years after the close of the financial year:	2013	2012
Debt to credit institutions	0	0
Other long-term liabilities	0	0
Total long-term debt	**0**	**0**

Repayment profile

In 2011 SalMar entered into a new loan agreement with a 5-year term and a 15-year repayment profile. The loan agreement is divided into 4 facilities with semi-annual 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, respectively, a solvency requirement, which stipulates that the Group's recognised equity ratio shall exceed 35% (down to 30% 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.

note 14 • Liens, guarantees, etc

Recognised debt secured through liens, etc	2013	2012
Short-term debt to credit institutions	0	431 615
Long-term debt to credit institutions	1 991 682	2 144 554
Other long-term liabilities	0	0
Total	1 991 682	2 576 169

Book value of assets pledged as security for recognised debt:	2 013	2 012
Operating assets	9 181	5 296
Shares	953 422	1 128 330
Trade receivables	0	146
Receivables	2 880 427	2 924 435
Bank deposits	506 084	0
Totalt	4 349 114	4 058 207

SalMar assumed joint and several liability in connection with a bank overdraft scheme, limited upwards to NOK 366,667,000.

SalMar ASA has issued guarantees totalling NOK 17,000,000 on behalf of SalMar Processing AS and NOK 80,000,000 on behalf of SalMar Farming AS with respect to a credit facility granted by SG Finans AS.

SalMar ASA has issued a guarantee totalling NOK 95,000,000 with respect to a long-term loan to SalMar Processing AS from Innovation Norway.

SalMar ASA has issued a guarantee totalling NOK 5,000,000 to Nord-Trøndelag E-verk on behalf of SalMar Settefisk AS. The guarantee agreement was entered into on 1 January 2004, and is reduced by NOK 250,000 per year. As at 31 December 2013 the remaining amount guaranteed totalled NOK 2,500,000.

SalMar ASA has issued a guarantee to Nordskag Næringspark AS for any and all amounts which SalMar Processing AS owes Nordskag Næringspark AS under the leasing agreement between SalMar Processing AS and Nordskag Næringspark AS. The guarantee is valid during the leasing period, as stipulated in the leasing agreement, plus a further three months.

SalMar ASA has issued a guarantee totalling NOK 10,000,000 in connection with unused credit facilities granted to the subsidiary SalMar Japan K.K.

note 15 • Financial risk

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

note 16 • Bank deposits

As at 31 December 2013, the item Bank deposits, cash and cash equivalents, totalling NOK 127,686,000, included NOK 7,686,000 in restricted funds relating to employee tax deductions. The corresponding figure the year before was NOK 1,615,000.

AUDITORS REPORT

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av den norske revisorforening

To the Annual Shareholders' Meeting of
SalMar ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of SalMar ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2013, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2013, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer 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 on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of SalMar ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result 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 Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Trondheim, 8. april 2014
ERNST & YOUNG AS

Amund P. Amundsen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

STATEMENT
BY THE BOARD OF DIRECTORS AND CEO

We confirm, to the best of our knowledge, that

- the group flrnancial statements for the period from I January to 3I December 2013 have been prepared in accordance with IFRS, as adopted by the EU.
- the financial statements of SalMar ASA for the period from 1 January to 3I December 2013 have been prepared in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- the financial statements give a true and fair view of the Group and the Company's consolidated assets, liabilities, flrnancial position and results of operations.
- the Report of the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company, together with a description of the key risks and uncertainty factors that the Group and the Company is facing.

Frøya, 8th of April 2014

Bjørn Flatgård *Chair*	Gustav Witzøe *Director*	Tove Elin Nedreberg *Director*	Kjell A. Storeide *Director*
Merethe Helene Holte *Director*	Pål Georg Storø *Director/Employee representative*	Hanne Kristine Tobiassen *Director/Employee representative*	Leif Inge Nordhammer *President & CEO*

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