

Interim Report First Quarter 2007



Highlights from the first quarter 2007 – SalMar’s best quarter ever

- **Focus on biology and operations secures SalMar’s position as the most cost efficient producer of salmon**
- The SalMar Group incl. the 50% ownership in Norskott Havbruk had operating profits in the first quarter 2007 of NOK 170.1 million before adjustment of fair value of biomass, compared with NOK 47.1 million in the corresponding quarter 2006 (49% ownership in Senja Sjøfarm).
- The SalMar Group incl. the 50% ownership in Norskott Havbruk made operating profits per kilo gutted weight of NOK 10.68 in the first quarter 2007.
- SalMar Mid-Norway achieved an operating profits per kilo gutted weight of NOK 12.68 in the first quarter 2007 compared with NOK 9.53 in the first quarter 2006.
- Total volume (incl. the 50% ownership in Norskott Havbruk) of harvested salmon in the first quarter 2007 amounted to 15,950 tonnes, compared with 6,000 in the corresponding quarter 2006 (49% ownership in Senja Sjøfarm).
- A considerable contribution to the positive results is related to the company Norskott Havbruk AS which achieved an operating profit of NOK 64.7 million in the first quarter 2007 compared with NOK 28.8 million in the corresponding quarter 2006
- Acquisition of two new licences and a smolt/fry facility in the Nordmøre region of Norway in January 2007.

Key figures

NOK million	1Q 07	1Q 06	2006
Profit and Loss Account			
Operating income	423,8	201,1	1 248,6
EBIT before biomass adjustment	137,8	27,4	447,4
EBIT before biomass adjustment %	32,5 %	13,6 %	35,8 %
Biomass adjustment	-10,0	128,7	63,7
Income from associated companies	16,4	8,7	91,8
Earnings before tax	136,0	161,1	577,3
Balance Sheet			
Fixed assets	1 472,5	775,6	1 346,4
Current assets	918,7	615,5	923,1
Total assets	2 391,2	1 391,1	2 269,5
Equity	992,8	533,9	885,2
Net interest bearing debt	806,1	493,1	764,9
Other debt	579,4	357,4	612,1
Equity ratio	41,5 %	38,4 %	39,0 %
Earnings per share	1,08	1,18	4,45
Earnings per share - diluted	1,08	1,18	4,45

Harvesting volumes

	Share	2007		2006		2006	
		1Q 07	SalMar	1Q 06	SalMar	FY	SalMar
SalMar Mid-Norway	100 %	11,7	11,7	2,9	2,9	29,8	29,8
SalMar North-Norway *	100 %	0,8	0,8	2,0	1,0	6,3	4,2
Total Norway		12,5	12,5	4,9	3,9	36,1	34,0
Norskott Havbruk (S kottish Sea Farm)	50 %	6,9	3,4	4,2	2,1	20,1	10,1
Total		19,4	15,9	9,1	6,0	56,2	44,0

* Consolidated from 1 October 2006

Earnings and revenues

The Company's operating revenues in the first quarter 2007 amounted to NOK 423.8 million, compared with NOK 201.1 million in the corresponding quarter 2006. This represents a 110.7 percent increase, due largely to greater harvesting volumes and a growth in the sale of value-added products (VAP). SalMar Mid-Norway harvested approximately 11,700 tonnes gutted weight, compared with approximately 2,900 tonnes in the first quarter 2006. As regards Senja Sjøfarm, harvesting volumes in the quarter amounted to approximately 800 tonnes gutted weight, compared with approximately 2,000 tonnes in the first quarter 2006.

Operating profits before adjustment of fair value of biomass totalled NOK 137.8 million in the first quarter, compared with NOK 27.4 million in the corresponding period 2006. This represents more than 400 percent growth and must be viewed in relation to the increased harvesting volumes in the quarter, as well as the Company's continued focus on biological production and cost-efficient operations. For SalMar Mid-Norway this yields an operating profit per kilo gutted weight of NOK 12.68 and NOK 4.33 Senja Sjøfarm.

Adjustment of fair value of biomass in accordance with IFRS generated an unrealised loss of NOK 10.0 million in the first quarter 2007, compared with an unrealised gain of NOK 128.7 million in 2006. This development for the quarter is mainly a result of reduced inventory of large fish at the end of the quarter compared with the start of the quarter. The increase during the first quarter 2006 was related both to price and quantity compared with the beginning of the period.

The Company's profit after tax in the first quarter 2007 amounted to NOK 107.5 million (biomass adjustment of NOK -10.0 million), compared with NOK 118.4 million in the corresponding quarter 2006 (biomass adjustment of NOK 127.8 million). Earnings per share were NOK 1.08, compared with NOK 1.18 in the corresponding period last year. In addition to the positive results from SalMar Mid-Norway, the associated company Norskott Havbruk contributed a profit share after tax of NOK 16.4 million in the quarter. This represents an improvement of NOK 11.7 million from the first quarter 2006, corresponding to a 249 percent growth.

Balance sheet

The Company's total balance sheet stood at NOK 2,391.2 million as at 31 March 2007, compared with NOK 2,269.5 million as at 31 December 2006. This increase is largely a result of the acquisition of two new licences and a fish hatchery in 2007.

At the end of the first quarter 2007, the Company had equity of NOK 992.8 million, corresponding to an equity ratio of 41.5 percent. This equals an increase of 2.5 percentage points since 31 December 2006, and is a result of the positive profit performance in the quarter.

The Company's net interest bearing debt amounted to NOK 806.1 million at the end of the first quarter 2007, compared with NOK 764.9 million as at 31 December 2006. This increase is largely a result of the acquisition of two licences and a fish hatchery in 2007.

Cash flow and financing

Operating activities during the first quarter 2007 gave a positive cash flow of NOK 73.4 million for the Company. This constitutes an improvement of NOK 93.5 million from the corresponding period 2006. The improvement is due to a growth in profits and a slight increase in working capital.

In total, the Company had a positive cash flow of NOK 9.4 million during the quarter.

Tax

Net tax expenses for the quarter amounted to NOK 28.5 million, compared with NOK 42.7 in the first quarter 2006.

Share information

Total number of outstanding shares at the end of the first quarter 2007 totalled 100.0 million. Number of shareholders was 553.

In April 2007 SalMar conducted a public share issue for a total of 3,000,000 shares, followed by a listing on the Oslo Stock Exchange. First day of listing for the Company was 8 May 2007, at which point the Company had 103.0 million outstanding shares and 1,536 shareholders.

Segment information

SalMar operates 46 wholly-owned ordinary licences for marine production of Atlantic salmon in Norway; 37 licences (780 tonnes MAB (maximum allowed biomass) per licence) located in the Company's main production area in Mid-Norway (Trøndelag, Nord-Møre), and nine licences in Troms (eight licences of 900 tonnes and one of 780 tonnes MAB) through SalMars wholly-owned subsidiary Senja Sjøfarm AS. SalMar owns and operates 5 licences for smolt production in Mid-Norway, and is self-sufficient with smolt. SalMar also operates a comprehensive harvesting and VAP activity co-localized with the Company's main office at Frøya in Sør-Trøndelag.

SalMar Mid-Norway

NOK million	1Q 07	1Q 06	2006
Operating income	423,0	201,1	1 238,4
EBIT before biomass adjusted	148,0	27,8	446,0
EBIT before biomass adjusted %	35,0 %	13,8 %	36,0 %
Harvest volum (tgw)	11,7	2,9	29,8
EBIT - NOK/kg gw	12,68	9,53	15,0

SalMar Mid-Norway made an operating income of NOK 423.0 million during the first quarter 2007, compared with NOK 201.1 million in the same quarter 2006. This represents an increase of 110.3 percent. The operating profit before adjustments of fair value of biomass amounted to NOK 148.0 million, compared with NOK 27.8 million in the first quarter 2006.

This improvement is mainly the result of larger harvesting volumes and high prices. SalMar Mid-Norway harvested approximately 11,700 tonnes gutted weight, compared with approximately 2,900 tonnes in the first quarter 2006. SalMar Mid-Norway achieved an operating profit of NOK 12.68 per kilo gutted weight, reflecting that the first quarter 2007 was yet another positive period for the Company, both in terms of biological development and production.

SalMar Northern Norway (Senja Sjøfarm)

NOK million	1Q 07	1Q 06	2006
Operating income	24,4	-	56,9
EBIT before biomass adjusted	3,6	-	7,7
EBIT before biomass adjusted %	14,8 %		13,6 %
Harvest volum (tgw)	0,8	-	2,2
EBIT - NOK/kg gw	4,33	-	3,54

In the first quarter 2007 Senja Sjøfarm made gross operating revenues of NOK 24.4 million and an operating profits before adjustment of fair value of biomass of NOK 3.6 million. Senja Sjøfarm harvested approximately 800 tonnes gutted weight in the first quarter 2007. This amounts to an operating profit of NOK 4.33 per kilo gutted weight.

SalMar acquired the remaining 51 % of Senja Sjøfarm AS in October 2006. Immediately after take-over a new management and organisation was put in place. The work to implement the principles that has made SalMar a leading fish farming industry is in progress. This means that the number one priority from now on will be an increased focus on biology and production.

Norskott Havbruk AS – associated company

SalMar owns 50 percent of av Norskott Havbruk AS, which owns 100 % of Scottish Sea Farms Ltd. Scottish Sea Farms is Great Britain's second largest salmon producer with a production capacity of approximately 30,000 tonnes gutted weight of Atlantic salmon. The remaining 50 % of Norskott is owned by Lerøy Seafood Group ASA.

NOK million	1Q 07	1Q 06	2006
Operating income	246,4	190,3	790,8
EBIT before biomass adjusted	64,7	28,8	212,0
EBIT before biomass adjusted %	26,3 %	15,1 %	26,8 %
Earnings before tax	46,6	12,8	219,5
SalMar share after tax	16,4	4,7	75,1
Harvest volum (tgw)	6,9	4,2	20,1
EBIT - NOK/kg gw	9,44	6,78	10,54
Balance Sheet			
Fixed assets	534,3	501,4	519,7
Current assets	555,4	409,3	607,0
Total assets	1 089,7	910,7	1 126,7
Equity	550,0	367,3	523,2
Net interest bearing debt	265,6	272,7	286,0
Other debt	274,1	270,6	317,4
Equity ratio	50,5 %	40,3 %	46,4 %

In the first quarter 2007 Norskott Havbruk AS made operating revenues of NOK 246.4 million compared with NOK 190.3 million in the first quarter 2006. Operating profits before adjustment of biomass amounted to NOK 64.7 million compared with NOK 28.8 million in the corresponding period 2006. The Company harvested approx. 6,900 tonnes gutted weight, compared with approx. 4,250 tonnes in the first quarter 2006. Operating profits per kilo gutted weight totalled NOK 9.44.

SalMar's profit share after tax from Norskott Havbruk was NOK 16.4 million in the first quarter 2007, compared with NOK 4.7 million in the first quarter 2006. The positive trend from the previous quarters continues for the Company.

Events after the balance sheet date

During April and May SalMar became listed on the Oslo Stock Exchange, and the number of shares went from 100.0 million to 103.0 million. The subscription price was set at NOK 39, and the share issue generated a lot of interest, with an oversubscription exceeding 8 times. First day of listing for the SalMar share was 8 May 2007.

Market, outlook and overall objectives

The market for salmon has shown a positive development during the first quarter 2007. Increased volume at lasting favourable prices shows that there is a substantial demand for salmon products and that the market is healthy.

The Russian market continues to show a positive trend, and SalMar has been approved by Russian authorities as a supplier of the country's market. The EU market is characterised by a similar growth. In general, the market for salmon products in Europe seems to be growing rapidly, with good sales opportunities for the fish farming industry.

As at the expiration of March, the biomass in Norway was greater than at the same time a year ago. The composition of the biomass is different, however, something that is probably due to the transition from a regime based on feed quotas to an MAB regime (maximum allowed biomass). This change led to a higher number of smolt on sea during the autumn 2005 which is likely to cause the supply in the second quarter 2007 to be more adapted to the demand than in the second quarter 2006.

One of SalMar's main priorities ahead is a continuous focus on introducing "best practice" in Senja Sjøfarm and the other newly acquired companies. SalMar will invest considerably resources in disseminating SalMar's own operating routines and corporate culture. In terms of biological production it takes time to achieve the desired results of improvements efforts, and SalMar is prepared that it may take at least one generation before the Company can gain from the impending efforts.

Engineering and establishment of the world's most innovative and cost-efficient facility for harvesting of salmon and VAP activities (InnovaMar) will continue in the second quarter. Pending a final decision by the Board of Directors of SalMar, the goal is to start the construction work in the autumn 2007 and to have a new production facility fully operational in January 2009.

In 2007, the SalMar Group (incl. Norskott Havbruk AS) plans to harvest a total of approx. 61,500 tonnes gutted weight. This volume includes approx. 41,000 tonnes gutted weight for SalMar Mid-Norway and approx. 8,000 tonnes gutted weight for SalMar Northern Norway. Norskott Havbruk plans to harvest approx. 25,000 tonnes gutted weight, of which SalMar's share is 50 % (approx. 12,500 tonnes gutted weight). The harvested volume in the second quarter 2007 will be somewhat lower than in the first quarter 2007.

Frøya, 9 May 2007

The Board of Directors of SalMar ASA

Profit and Loss Account - SalMar Group			
NOK Million	1Q 07	1Q 06	2006
Operating income	423,8	201,1	1 248,6
Cost of goods sold	195,3	119,6	520,6
Payroll expenses	43,7	27,2	131,9
Other operating expenses	33,7	19,0	110,9
EBITDA	151,1	35,3	485,2
Depreciations	13,3	7,9	37,9
EBIT before biomass adjustment	137,8	27,4	447,4
Value adjustment biomass	-10,0	128,7	63,7
EBIT after biomass adjustment	127,8	156,1	511,1
Income from associated companies	16,4	8,7	91,8
Other financial items	-8,1	-3,8	-25,5
Earnings before tax	136,0	161,1	577,3
Tax	28,5	42,7	132,2
Result for the period	107,6	118,4	445,1
Minority `s share of result	-	-	0,1
Majority`s share of result	107,6	118,4	445,0
Earnings per share (NOK)	1,08	1,18	4,45
Earnings per share - diluted (NOK)	1,08	1,18	4,45

NOK million	1Q 07	1Q 06	2006
Net cash flow from operating activities	73,4	-20,1	245,4
Net cash flow from investing activities	-109,0	-9,8	-413,5
Net cash flow from financing activities	45,0	33,2	172,1
Net change in cash for the period	9,4	3,3	4,0
Cash in the beginning of the period	7,0	3,0	3,0
Cash at the end of the period	16,3	6,2	7,0

Balance Sheet - SalMar Group			
NOK million	31.03.2007	31.03.2006	31.12.2006
ASSETS			
Intangible fixed assets	871,8	227,7	767,7
Tangible fixed assets	313,4	166,9	306,6
Financial fixed assets	287,3	380,9	272,2
Total fixed assets	1 472,5	775,6	1 346,4
Inventory	723,9	538,1	754,4
Accounts receivables	154,0	68,7	110,2
Other short-term receivables	24,5	2,5	51,5
Cash and cash equivalents	16,3	6,2	7,0
Total current assets	918,7	615,5	923,1
TOTAL ASSETS	2 391,2	1 391,1	2 269,5
EQUITY AND LIABILITIES			
Paid-in equity	25,0	1,0	25,0
Reserves	967,1	532,3	859,5
Minority interests	0,7	0,6	0,7
Total equity	992,8	533,9	885,2
Provisions for liabilities	361,3	181,1	339,5
Interest bearing long-term liabilities	705,5	400,7	622,7
Total long-term liabilities	1 066,8	581,8	962,2
Interest bearing short-term liabilities	113,6	99,1	149,5
Other short-term liabilities	218,0	176,3	272,6
Total short-term liabilities	331,6	275,4	422,1
TOTAL EQUITY AND LIABILITIES	2 391,2	1 391,1	2 269,5

Changes in Equity - SalMar Group			
NOK million	31.03.2007	31.03.2006	31.12.2006
Equity 01.01.	885,2	407,6	407,6
Change in conversions differences		7,9	3,2
Profit/loss for the period	107,5	118,4	445,1
Group formation - Effect of phased purchases			28,8
Equity transactions in associated companies			0,5
Closing equity	992,8	533,9	885,2

Segment Information - SalMar Group				
NOK million	Mid - Norway	North - Norway	E lim.	Group
1Q 07				
Operating income	423,0	24,4	-23,7	423,8
EBIT before biomass adjustment	148,0	3,6	-13,8	137,8
EBIT before biomass adjustment %	35,0 %	14,8 %		32,5 %
Harvested volume (gw)	11,7	0,8		12,5
EBIT - NOK/kg gw	12,68	4,33		11,02
1Q 06				
Operating income	201,1	-	-	201,1
EBIT before biomass adjustment	27,8	-	-0,3	27,4
EBIT before biomass adjustment %	13,8 %			13,6 %
Harvested volume (gw)	2,9	-		2,9
EBIT - NOK/kg gw	9,53			9,42
2006				
Operating income	1 238,4	56,9	-46,8	1 248,6
EBIT before biomass adjustment	446,0	7,7	-6,4	447,4
EBIT before biomass adjustment %	36,0 %	13,6 %		49,6 %
Harvested volume (gw)	29,78	2,18		32,0
EBIT - NOK/kg gw	14,98	3,54		14,0

Key Figures - SalMar Group			
	1Q 07	1Q 06	2006
Number of shares - end of period (mill.)	100	100	100
Earnings per share (NOK)	1,08	1,18	4,45
Earnings per share - diluted (NOK)	1,08	1,18	4,45
EBITDA %	35,7 %	17,6 %	38,9 %
EBIT before biomass adjustment %	32,5 %	13,6 %	35,8 %
EBIT %	30,1 %	77,6 %	40,9 %
Earnings before tax %	32,1 %	80,1 %	46,2 %
Cash flow per share - diluted (NOK)	0,73	-0,20	2,45
Net interest bearing debt (NOK mill)	806,1	493,1	764,9
Equity ratio %	41,5 %	38,4 %	39,0 %

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

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

Earnings before tax % = Earnings before tax/operating income

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

Equity ratio = Equity/total assets

Reconciliation from NGAAP to IFRS for comparable period		
Equity		
NOK million	Q1 2006	
Equity NGAAP	444,1	
IFRS impacts earlier periods	-0,9	
<u>IFRS impacts current period</u>		
Value adjustment biomass	128,7	
Goodwill depreciation	0,3	
Associated companies	-2,3	
Tax on adjustments	-36,0	
Total impacts	89,8	
Equity IFRS	533,9	
Profit and Loss		
NOK million	1Q 2006	Acc. 2006
Result N-GAAP	27,8	366,6
Value adjustment biomass	128,7	72,4
Pension liabilities	-	14,2
Goodwill depreciation	0,3	3,3
Associated companies	-2,3	13,1
Other net financial items	-	-0,3
Tax on adjustments	-36,0	-24,2
Total impacts	90,7	78,5
Result IFRS	118,4	445,1

1. Basis for preparation - accounting principles applied in this report

This report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the standard for interim reporting (IAS 34).

The same accounting principles and calculation methods used in the last group annual accounts (2006 IFRS) has been used here. Please refer to the Groups IFRS annual accounts which is published on the Group's website under Investor Relations (www.salmar.no) for a complete description of the accounting principles.

2. Main shareholders

	No. of shares	%
KVERVA HOLDING AS	57 500 000	55,83
SIMASK AS	10 600 000	10,29
JPMORGAN CHASE BANK	6 500 000	6,31
VERDIPAPIRFOND ODIN	5 305 650	5,15
GOLDMAN SACHS INTERN EQUITY	4 015 000	3,9
VERDIPAPIRFOND ODIN	3 839 850	3,73
FIRST SECURITIES ASA INTERIMSKONTO UTLAND	2 186 200	2,12
SPAREBANKEN MIDT-NOR FINANSVDELINGEN	1 300 000	1,26
GROSS MANAGEMENT AS	900 000	0,87
CENTRAGRUPPEN AS	845 000	0,82
BOREA NOTERTE II AS	738 250	0,72
VERDIPAPIRFONDET KLP	640 000	0,62
CENTRA KLAVENESS INV	585 000	0,57
BOREA AS	556 750	0,54
ABN AMRO NORGE	502 000	0,49
DANSKE BANK A/S	500 000	0,49
UTHALDEN A/S V/HARALD MORÆUS HANS	500 000	0,49
ABN AMRO NORGE VPF	488 000	0,47
STOREBRAND LIVSFORSI P980, AKSJEFONDET	478 700	0,46
AKSJEFONDET ODIN NOR	466 800	0,45
TOTAL	98 447 200	95,58
OTHER	4 552 800	4,42
TOTAL	103 000 000	100,00

3. Biomass (IAS 41)

	31.03.2007	31.03.2006	2006
Raw materials	21,5	33,5	19,8
Biological assets	653,2	494,8	701,0
Finished goods	49,2	9,8	33,6
Total	723,9	538,1	754,4

Biomass status	31.03.2007	31.03.2006	2006
Historical cost	507,0	290,6	544,8
Fair value adjustment	146,2	204,2	156,2
Balance sheet value	653,2	494,8	701,0

4. Acquisitions

SalMar purchased in January 2007 100% of the shares in Halså Fiskeoppdrett AS, including the wholly-owned subsidiary Straumsnes Settefisk AS, for NOK 112 mill. Halså Fiskeoppdrett AS has two aquaculture licenses and its own slaughtering business. Halså Fiskeoppdrett AS is self-sufficient in smolt through the wholly-owned subsidiary Straumsnes Settefisk AS. The slaughtering business will be closed following the acquisition. The acquisition is financed by long-term loan facility. Purchase analysis is presented below.

The effect on the balance sheet of the purchase was:

	Halså Fiskeoppdrett balance sheet values	Halså Fiskeoppdrett fair values
Intangible assets	5,3	94,9
Tangible assets	4,3	9,4
Financial assets	0,2	0,2
Current assets	34,3	34,3
Liabilities	-4,6	-26,8
Interest bearing debt	-1,8	-1,8
Other short-term debt	-7,3	-7,3
Net identifiable assets and liabilities	30,3	102,9
Goodwill from acquisition		9,2

Following the purchase Halså Fiskeoppdrett AS has affected the operating result before value adjustment biomass in a net amount of 3.1 MNOK and the operating income in a amount of 16,6 MNOK.