

P/F Bakkafrost

Condensed Consolidated Interim Report for Q1 2014

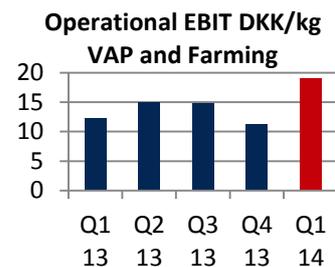
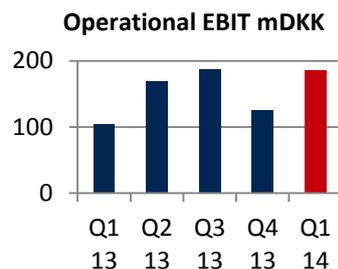
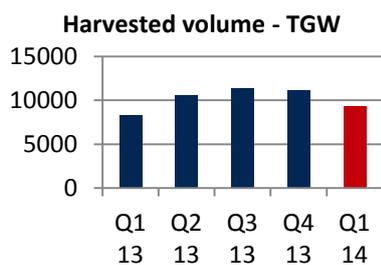


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Highlights

DKK 1,000	Q1 2014	Q1 2013
INCOME STATEMENT, SEGMENTS AND CASH FLOW		
Group - Operating revenue	631,311	473,301
Group - Operational EBIT*	185,503	105,031
Group - Profit for the period	87,180	67,474
Operational EBIT (Farming and VAP)(DKK)	176,721	101,283
Operational EBIT*/kg (Farming and VAP)(DKK)	19.07	12.21
Operational EBIT*/kg (Farming and VAP) (NOK)	21.37	12.16
Farming - Operating revenue	518,112	424,974
Farming - Operational EBIT*	186,184	124,511
Farming - Operational EBIT margin	36%	29%
Farming - Operational EBIT/kg (DKK)	20.09	15.01
Farming - Operational EBIT/kg (NOK)	22.51	14.95
VAP - Operating revenue	232,252	147,735
VAP - Operational EBIT*	-9,463	-23,228
VAP - Operational EBIT margin	-4%	-16%
VAP - Operational EBIT/kg (DKK)	-1.62	-5.46
VAP - Operational EBIT/kg (NOK)	-1.82	-5.44
Feed - Operating revenue	178,052	157,470
Feed - EBITDA	22,164	24,803
Feed - EBITDA margin	12.45%	15.75%
Cash flow from operations	108,339	34,062
DKK/NOK (average)	89.23	100.39
FINANCIAL POSITION		
Total Assets**	3,064,528	3,112,226
Equity**	1,760,838	1,665,277
Equity ratio**	57%	54%
Net interest bearing debt (incl. loss and deposits on fin. derivatives)**	503,394	641,603
PROFITABILITY		
Basic earnings per share (DKK)	1.78	1.38
Diluted earnings per share (DKK)	1.78	1.38
ROE***	5.1%	5.2%
ROCE (for the last quarter)****	7.8%	5.1%
ROCE (for the last 4 quarters)	30.5%	17.9%
ROIC (for the last quarter)*****	6.9%	3.9%
ROIC (for the last 4 quarters)	37.6%	19.5%
VOLUMES		
Harvested volume continuing operation (tonnes gutted weight)	9,269	8,296
VAP produced volume (tonnes gutted weight)	5,831	4,252
Sold feed tonnes	13,956	14,906

* Aligned for fair value adjustment of biomass, onerous contracts provisions and acquisition costs

** Comparing figures from end 2012

*** Return on average equity based on profit or loss for the period

**** Return of average invested capital based on operational EBIT

***** Return on average invested capital based on EBITA

Summary of the 1st Quarter 2014

(Figures in parenthesis refer to the same period in 2013)

The Bakkafrost Group delivered a total operating EBIT of DKK 185.5 million in Q1 2014, while the combined farming and VAP segment made an operational EBIT of DKK 176.7 million. The EBITDA for the feed segment was DKK 22.2 million in Q1 2014.

The Group made a profit for the quarter of DKK 87.2 million (DKK 67.5 million).

The total volumes harvested in Q1 2014 were 9,269 tonnes gutted weight (8,296 t_{gw}) an increase of 11.7%.

Bakkafrost transferred 3.0 million smolts in Q1 2014 (2.1 million). Due to the favourable seawater temperatures in the Faroes, Bakkafrost releases smolts during the whole year.

In Q1 2014 the associated company P/F Faroe Farming harvested 2,166 tonnes gutted weight (2,355 t_{gw}).

On the 24th of April 2014 Bakkafrost – via its 100% owned subsidiary Havsbrún – acquired an additional 41.15% in Hanstholm Fiskemelsfabrik. After the acquisition Bakkafrost owned 81.01% of the company. The 9th May 2014 Bakkafrost divested all its shares in Hansholm Fiskemelsfabrik to FF Skagen A/S. In return Bakkafrost, via its subsidiary P/F Havsbrún, received a 17% share interest in FF Skagen A/S. The transaction is subject to the approval of the Danish competition and Consumer Authority. The investment is a strategic investment and part of the consolidation of the fishmeal and fish oil industry.

In accordance with the Group's dividend policy, Bakkafrost paid out DKK 4.50 (NOK 4.98) per share in April 2014. The amount corresponds to approximately DKK 219.9 million (NOK 243.3 million). Bakkafrost purchased 366,700 treasury shares at a price of NOK 86 each in December 2013.

In February 2014, a routine surveillance test detected a possible pathogenic ISA-virus at Bakkafrost's farming site A-80. The detection was not connected to any increase in mortality, and there was no impact on fish health or fish welfare. Bakkafrost decided to activate the ISA-contingency plan immediately and hence enforced slaughtering of the last cage at the farming site A-80 Selatrað. The site was empty before mid February. No signs of ISA have been detected since and no cost increase was related to the detection.

The farming companies and the authorities have put a lot of work into maintaining the good biological status in the Faroe Islands. Regular surveillance tests for ISA-viruses have been performed at all farms during the last approx 10 years in sea sites in the Faroes. Bakkafrost and the other farmers in the Faroe Islands will work with the Faroese Food and Veterinary authority to avoid the introduction of the AGD and ISA.

The combined farming and VAP segment made an operational EBIT of DKK 176.7 million (DKK 101.3 million) in Q1 2014.

The farming segment made an operational EBIT of DKK 186.2 million (DKK 124.5 million). The reason for the improved result is mainly due to higher prices, but also due to higher harvested volumes.

As expected, the VAP segment had a loss on its operations in Q1 due to high salmon spot prices. The VAP segment made an operational EBIT of DKK -9.5 million (DKK -23.2 million) for Q1 2014. There is normally a time lag between the changes in the spot prices and the changes in the contract prices. Even if the contract prices have increased significantly lately, they did not cover the strong spot prices that we have experienced in Q1 2014.

The third segment – fishmeal, oil and feed – made an operational EBITDA of DKK 22.2 million (DKK 24.8 million) in Q1 2014.

In Q1 2014, Havsbrún sourced 44,159 tonnes of raw material (30,938 tonnes).

The Bakkafrost Group had a net interest bearing debt at the end of Q1 2014 amounting to DKK 503.4 million (DKK 641.6 million at year-end 2013) including deposits and losses on financial derivatives relating to the interest bearing debt. Bakkafrost had undrawn credit facilities of approx DKK 804.6 million, of which DKK 16.0 million are restricted at the end of Q1 2014.

Bakkafrost's equity ratio is 57%, compared to 54% at the end of 2013.

Segment performance per harvested kg of salmon

	Q1 2014	Q1 2013
Operational EBIT/kg harvested		
Farming EBIT/kg (DKK)	20.09	15.01
Farming EBIT/kg (NOK)	22.51	14.95
VAP EBIT/kg (DKK)	-1.62	-5.46
VAP EBIT/kg (NOK)	-1.82	-5.44
Feed EBITDA/kg (DKK)	1.59	1.66
Feed EBITDA/kg (NOK)	1.78	1.66

Smolt transfer

Bakkafrost Group						
1,000 pieces	2009	2010	2011	2012	2013	2014E
Farming North, <i>salmon</i>	4,000	4,100	5,000	6,500	7,200	4,900
Farming West, <i>trout</i>	300	0	0	0	0	0
Farming West, <i>salmon</i>	2,100	4,100	2,600	4,200	2,300	6,700
Viking	1,700	1,800	1,000	0	0	0
Total	8,100	10,000	8,600	10,700	9,500	11,600

Financial Review

(Figures in parenthesis refer to the same period in 2013)

Income Statement

The operating revenues amounted to DKK 631.3 million in Q1 2014 (DKK 473.3 million). The increase is due to improved salmon prices on the spot and the contract market in addition to increased harvested volumes. In addition, the fish oil and feed segment had higher revenue from sale of fishmeal and oil.

Operational EBIT was DKK 185.5 million in Q1 2014 (DKK 105.0 million). The increase is mainly due to higher margins in the farming segment because of higher spot prices and an improved result. The result is hampered by the loss in the VAP segment.

A fair value adjustment of the Group's biological assets has been recognised in Q1 2014 amounting to DKK -113.8 million (DKK -4.7 million). The negative adjustment is mainly due to lower salmon prices at the end of Q1 2014 compared to the beginning of the year.

Bakkafrost has made reversion of previous made provisions for onerous contracts of DKK 70.9 million in Q1 2014 (DKK -24.1 million). The

reversion is mainly due to lower salmon spot prices. At the end of 2013, the salmon price was NOK 53.08 compared to NOK 43.28 at the end of Q1 2014.

In Q1 2014, there was a loss from associated companies amounting to DKK -7.1 million (DKK 5.1 million). This amount relates partly to a loss from Faroe Farming. The operational result was strong, but due to a negative fair value adjustment of the biological assets, the result after tax was negative. A loss in Hanstholm Fiskemelsfabrik is also contributing to a negative result from associated companies.

Net interests in Q1 2014 were DKK -17.5 million (DKK 1.4 million) and originate from interest and net currency expenses.

Net taxes in Q1 2014 amounted to DKK -30.8 million (DKK -15.2 million).

The result for Q1 2014 was DKK 87.2 million (DKK 67.5 million).

Harvested volumes

	Q1 2014	Q1 2013
Harvested volumes (tgv)		
Farming North	321	4,357
Farming West	8,948	3,939
Total harvested volumes (tgv)	9,269	8,296

Segments

Bakkafrost has three operating segments: a farming segment, a segment for value added products (VAP) and a segment for the fishmeal, fish oil, and

fish feed production. Fresh/frozen salmon is sold in the spot market, while VAP products are sold on long-term contracts.

Distribution of harvested volumes (tgv)	Q1 2014	Q1 2013
Harvested volume used in VAP production	55%	51%
Harvested volume sold fresh/frozen	45%	49%
Harvested and purchased volumes (tgv)	100%	100%

Of the total harvested volumes in Q1 2014, 55% (51%) went for the production of VAP products and 45% (49%) were sold as whole gutted salmon in Q1 2014. In addition to the harvested volumes that went for the VAP production, Bakkafrost also sourced salmon for the operation from a third party.

Farming:

The operating revenue for Bakkafrost's farming segment was DKK 518.1 million in Q1 2014 (DKK 425.0 million).

Operational EBIT, which is EBIT before fair value adjustments on biological assets, amounted to DKK 186.2 million in Q1 2014 (DKK 124.5 million).

Operational EBIT/kg for the farming segment was DKK 20.09 (NOK 22.51) in Q1 2014, compared to DKK 15.01 (NOK 14.95) in Q1 2013. The salmon prices in Q1 2014 have been stronger than in Q1 2013 and thus higher margins per kilo.

Value Added Products (VAP):

The operating revenue for the value added segment amounted to DKK 232.3 million in Q1 2014 (DKK 147.7 million). The increase in the revenue from Q1 2013 to Q1 2014 was 57%, while the volumes used for the VAP products only increased by 37%.

Operational EBIT amounted to DKK -9.5 million in Q1 2014 (DKK -23.2 million), corresponding to an operational EBIT of DKK -1.62 (NOK -1.82) per kg gutted weight in Q1 2014, compared to DKK -5.46 (NOK -5.44) per kg gutted weight in Q1 2013. The operational loss in the VAP segment is due to the high salmon spot prices. The VAP segment acquires its raw material (fresh salmon) at spot prices each week.

Fishmeal, Fish Oil and Fish Feed:

The operating revenue for the fishmeal, fish oil and fish feed segment amounted to DKK 178.1 million (DKK 157.5 million) in Q1 2014, of which DKK 92.9 million represents sales to Bakkafrost's farming segment corresponding to 52.2% (74.0%).

Operational EBITDA was DKK 22.2 million (DKK 24.8 million) in Q1 2014, and the operational EBITDA margin was 12.45% (15.75%).

Sales of feed amounted to 13,956 tonnes (14,906 tonnes) in Q1 2014, of which the farming segment internally used 10,598 tonnes (10,991 tonnes).

In the quarter, Havsbrún received 44,159 tonnes (30,938 tonnes) of raw material for the production of fishmeal and fish oil. The raw material intake is dependent on the fishery in the North Atlantic and available species of fish.

The production of fishmeal in Q1 2014 was 10,014 tonnes (6,838 tonnes).

The production of fish oil in Q1 2014 was 1,268 tonnes (1,605 tonnes). The production of fish oil varies depending on the species of fish sourced for production.

Statement of Financial Position

(Figures in parenthesis refer to end 2013)

The Group's total assets as of end Q1 2014 amounted to DKK 3,064.5 million, compared to DKK 3,112.2 million at the end of 2013.

The Group's intangible assets are unchanged compared to the beginning of the year and amounted to DKK 294.7 million. Intangible assets comprise primarily of the fair value of acquired farming licences. No licences in the North region are recorded with a value in the Bakkafrost accounts.

Property, plant and equipment amounted to DKK 911.8 million at the end of Q1 2014, compared to DKK 916.7 million at the end of 2013. In Q1 2014 Bakkafrost made investments in PP&E amounting to DKK 17.7 million.

Non-current financial assets amounted to DKK 126.2 million at the end of Q1 2014, compared to DKK 116.8 million at the end of 2013. The increase in the financial assets relates mainly to the investment in the new pelagic processing company Pelagos next to Havsbrún in Fuglafjörður. It is expected that the processing plant will be up running during the summer 2014. Bakkafrost owns 30% in Pelagos.

The Group's carrying amount (fair value) of biological assets amounted to DKK 845.1 million at the end of Q1 2014, compared to DKK 965.9 million at the end of 2013. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 182.6 million, compared to DKK 296.4 million at the end of 2013. The decrease is primarily due to lower salmon prices at the end of Q1 2014 compared to end 2013.

The Group's total inventories amounted to DKK 248.5 million as of end Q1 2014, compared to DKK 235.5 million at year-end 2013. The inventory primarily represents Havsbrún's inventory of fishmeal, fish oil and fish feed, in addition to feed at the feed stations, packing materials and other raw materials.

The Group's total receivables amounted to DKK 394.8 million as of end Q1 2014, compared to DKK 400.6 million at the end of 2013.

The Group's equity at the end of Q1 2014 is DKK 1,760.8 million, compared to DKK 1,665.3 million at the end of 2013. The change in equity in Q1 2014 primarily consists of the profit for the period, and a positive fair value adjustment to a currency-/interest rate swap related to the bond financing. The dividend totalling DKK 219.9 million, approved on the AGM the 5th of April 2014, has been paid out 29 April 2014.

The Group's total non-current liabilities amounted to DKK 1,017.1 million at the end of Q1 2014, compared to DKK 1,071.0 million at the end of 2013. Deferred and taxes payable in 2015 amounted to DKK 333.9 million, compared to DKK 310.9 million at the end of 2013. Long-term debt was DKK 619.1 million at the end of Q1 2014, compared to DKK 685.2 million at the end of 2013. Derivatives amounted to DKK 64.2 million at the end of Q1 2014 compared to DKK 74.9 million at the end of 2013.

Bakkafrost's interests bearing debt consists of two bank loans and a bond loan. The bank loans are one instalment loan of DKK 275 million, payable with DKK 25 million each quarter, and one overdraft facility payable in 2016 with the full amount of DKK 553 million. The bond loan of NOK 500 million has a five-year maturity and is payable 14 February 2018. The interest rate of the bonds is NIBOR 3m + 4.15%. Following the issuance of the bonds, Bakkafrost has entered into a currency/interest rate swap, hedging the exchange rate and has switched the interest rate from NIBOR 3m to CIBOR 3m. Bakkafrost has entered the swap due to its exposure to DKK, as a large part of the income and costs are in DKK and EUR.

At the end of Q1 2014, the Group's total current liabilities are DKK 286.5 million, compared to DKK 376.0 million at the end of 2013. Short-term interest bearing debt amounts to DKK 100.0 million and relates to a short-term part of long-term debt as described above. Accounts payable amount to DKK 186.5 million, compared to DKK 276.0 million at the beginning of the year. The decrease is primarily due to lower provisions for onerous contracts.

Bakkafrost's equity ratio is 57%, compared to 54% at the end of 2013.

Cash Flow

The cash flow from operations improved significantly in Q1 2014 compared to Q1 2013. The cash flow from operation in Q1 2014 was DKK 108.3 million (DKK 34.1 million). The Cash flow from operations was positively affected by higher sales prices.

The cash flow from investment activities in Q1 2014 amounted to DKK -34.2 million (DKK -28.6 million). The amount relates to investments in fixed assets and in the investment in the pelagic processing company Pelagos.

Cash flow from financing activities totalled DKK -12.7 million in Q1 2014 (DKK 93.5 million). The interest bearing debt decreased by DKK 66.1 million, while financing of associated companies contributed positively with DKK 62.5 million.

Net change in cash flow in Q1 2014 amounted to DKK 61.4 million (DKK 98.9 million).

At the end of Q1 2014 Bakkafrost had unused credit facilities of approximately DKK 804.0 million of which DKK 16.0 million are restricted.

Outlook

MARKET

The outlook for the salmon market in 2014 is good. We expect a seasonal supply increase during the summer and autumn.

The total Global supply of salmon in 2014 is expected to increase around 8% mainly due to a mild winter in Norway. Based on historical numbers, the salmon market is in balance, when the supply increases by 6-8% per year, but the previous two years have indicated that the salmon market is stronger than before and can take a supply increase up to 10-12% and still be in balance. In 2013 the average NOS (Independent exporters purchase price, spot from farmers) was NOK 39.07 per kg. Therefore, it is expected that the average NOS price for 2014 will be in the same price range as in 2013.

Bakkafrost expects to sell around 55% of the harvested volume of salmon in the spot market in 2014 and around 45% as VAP.

The market place is one of Bakkafrost's most significant risk areas. To reduce the exposure to the market risk, Bakkafrost has a geographical approach and a market price approach. To diversify the geographical market risk, Bakkafrost sells its products to some of the largest salmon markets in the world, US, the Far East, Europe and Russia. The sale to Russia has been low the last quarters, as the Russian market is not a strategic market for Bakkafrost.

FARMING

The outlook for the farming segment is good. The biological situation is good and the price outlook in the spot market is good. Bakkafrost's expected harvest is unchanged at 45,000-48,000 tonnes gutted weight in 2014, and Faroe Farming, in which Bakkafrost holds 49%, expects to harvest around 5,000 tonnes in 2014.

The number of smolts released is one key element of predicting the future production for the Group. Bakkafrost's forecast for the smolt release in 2014 is 11.6 million smolts and shall be compared to the number of smolts released in 2012, when the smolt release was 10.7 million. The same sites are available for smolt release in 2014, as in 2012.

The estimates for harvesting volumes and smolt releases, is as always, dependent on the biological situation. The overall biological situation in the Faroe Islands is good, but the detection of *Neoparamoeba perurans* in the Faroes and the detection of an ISA virus are new risks to handle. The number of sea lice is lower than in previous years after a coordinated treatment in the Faroe Islands in 2013. The coordinated strategic treatment against lice will continue in 2014.

Value added products (VAP)

The outlook for the sale of value added products is good. Bakkafrost has signed contracts covering 75-80% of the VAP capacity for the rest of 2014, corresponding to 30% of the expected harvested volumes for the rest of 2014. The last 20-25 % of the VAP capacity is expected to be committed during the rest of the year. The contracts are at fixed prices based on the salmon prices at the time they are agreed and the expectations for the salmon spot price for the contract period. Therefore, the contracts are based on a significant higher price level in 2014 than in 2013.

The contracts last for 6 to 12 months. The strategy is to sell around 40-50% of the harvested volumes of salmon as VAP products on fixed price contracts. Selling the products at fixed prices reduces the financial risk with fluctuating salmon prices. The market price for contracted VAP products follows a more stable pattern with trends instead of short-term fluctuations as in the spot market.

Fish oil, -meal and feed

The major market for Havsbrún's fish feed is the local Faroese market. It is expected that the total consumption of fish feed in the Faroe Islands will be approximately 90,000-95,000 tons in 2014. Depending on the purchase from external customers in the Faroe Islands and abroad, the sale of fish feed will be approximately 83,000-87,000 tonnes.

With the positive outlook for the fisheries of blue whiting and the establishment of a pelagic fish processing plant next to Havsbrún's production facilities in Fuglafjørður the outlook for sourcing raw material is better than in recent years. Off-cuts from the new processing facility, which Bakkafrost

has a 30% share in, can be used for the production of fishmeal and fish oil. However, depending on supply, demand and the price level, the sourcing of raw material for the production of fish oil and -meal is very uncertain. An alternative to Havsbrún's production of fish oil and -meal is purchasing these raw materials from other producers, which has been common in recent years.

Investments

In July 2013, Bakkafrost announced a five-year plan for optimising its value chain, resulting in savings, increased production and reduced biological risk. The yearly investments amount to DKK 170 million per year, including maintenance investments of DKK 80-90 million per year. In addition to the yearly investments of DKK 170 million, Bakkafrost is building a new well boat, estimated to DKK 230 million. Thus, the total investments will exceed DKK 1 billion for the 5-year period. The investments in 2014 are estimated to DKK 170 million in addition to prepayment for the well boat amounting to DKK 42 million.

Financial

Improved market balances in the world market for salmon products and costs effective production will likely improve the financial flexibility going forward. A high equity ratio together with the Group's bank financing and the issuance of bonds, makes Bakkafrost's financial situation strong, which enables Bakkafrost to carry out its investment plans to further focus on strengthening the Group, M&A's, organic growth opportunities and fulfil its dividend policy in the future.

Risks

Bakkafrost has not identified any additional risk exposure beyond the risks described in the 2013 Annual and Consolidated Report and Accounts. The 2013 Annual and Consolidated Report and Accounts are available on request from Bakkafrost and on Bakkafrost's website, www.bakkafrost.com.

Bakkafrost is, as explained in the 2013 Annual and Consolidated Report and Accounts, exposed to the salmon price. We expect that the market will be in balance in 2014, resulting in salmon spot prices in the same range as in 2013.

References are made to the Outlook section of this report for other comments to Bakkafrost's risk exposure and to note 3.

Events after the Date of the Statement of Financial Position

From the date of the statement of financial position until today, the following events have occurred.

On the 24th of April 2014, Bakkafrost – via its 100% owned subsidiary Havsbrún – acquired an additional 41.15% in Hanstholm Fiskemelsfabrik. After the acquisition, Bakkafrost's share in the company was 81.01%. The 9th of May 2014, Bakkafrost divested all its shares in Hanstholm Fiskemelsfabrik to FF Skagen A/S. In return, Bakkafrost, via its subsidiary P/F Havsbrún, received a 17% share interest in FF Skagen A/S.

The investment is a strategic investment and part of the consolidation of the fishmeal and fish oil industry. The transaction is subject to the approval of the Danish Competition and Consumer Authority. The total assets in FF Skagen amount to DKK 841 million and the equity was DKK 103 million.

On the 8th of May 2014, the Faroese authorities have adopted a change in the Faroese tax law. Our assessment is that this would have affected the company tax and the deferred tax at 31/3-2014 by approximately DKK 51 million in total, to be posted to the income statement.

Apart from the above, from the date of the statement of financial position until today, no events have occurred which materially influence the information provided by this report.

Glyvrrar, May 20th 2014

The Board of Directors of P/F Bakkafrost

Consolidated Income Statement

For the period ended 31st March 2014

DKK 1,000	Q1 2014	Q1 2013
Operating revenue	631,311	473,301
Purchase of goods	-230,893	-284,532
Change in inventory and biological assets (at cost)	15,223	113,478
Salary and personnel expenses	-61,678	-54,390
Other operating expenses	-145,886	-121,952
Depreciation	-22,574	-20,874
Operational EBIT	185,503	105,031
Fair value adjustments on biological assets	-113,780	-4,655
Onerous contracts	70,886	-24,117
Income from associates	-7,097	5,086
Earnings before interest and taxes (EBIT)	135,512	81,345
Financial income	599	1,044
Net interest expenses	-8,537	-6,011
Net currency effects	-8,451	7,369
Other financial expenses	-1,123	-1,028
Earnings before taxes (EBT)	118,000	82,719
Taxes	-30,820	-15,245
Profit or loss for the period	87,180	67,474
Profit or loss for the year attributable to:		
Owners of P/F Bakkafrost	87,180	67,474
Earnings per share (DKK),	1.78	1.38
Diluted earnings per share (DKK),	1.78	1.38

Consolidated Statement of Comprehensive Income

For the period ended 31st March 2014

DKK 1,000	Q1 2014	Q1 2013
Profit for the period	87,180	67,474
Fair value adjustment on financial derivatives	10,354	-16,805
Income tax effect	-1,579	0
Currency translation differences	-393	0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	8,382	-16,805
Total comprehensive income for the period	95,562	50,669
Comprehensive income for the period attributable to		
Non- controlling interests	0	0
Owner of P/F Bakkafrost	95,562	50,669

Consolidated Statement of Financial Position

As at 31 March 2014

DKK 1,000	Q1 2014	End 2013
ASSETS		
Non-current assets		
Intangible assets	294,675	294,675
Property, plant and equipment	911,802	916,696
Financial assets	124,757	115,304
Long term receivables	1,472	1,504
Total non-current assets	1,332,706	1,328,179
Current assets		
Biological assets (biomass)	845,060	965,896
Inventory	248,488	235,489
Total inventory	1,093,548	1,201,385
Accounts receivable	304,138	278,432
Other receivables	90,634	122,153
Total receivables	394,772	400,585
Cash and cash equivalents	243,502	182,077
Total current assets	1,731,822	1,784,047
TOTAL ASSETS	3,064,528	3,112,226

Consolidated Statement of Financial Position

As at 31 March 2014

DKK 1,000	Q1 2014	End 2013
EQUITY AND LIABILITIES		
Equity		
Share capital	48,858	48,858
Other equity	1,711,980	1,616,419
Total equity	1,760,838	1,665,277
Non-current liabilities		
Deferred taxes and other taxes	333,886	310,925
Long-term interest bearing debt	619,069	685,151
Financial derivatives	64,187	74,889
Total non-current liabilities	1,017,142	1,070,965
Current liabilities		
Short-term interest bearing debt	100,000	100,000
Accounts payable and other debt	186,548	275,984
Total current liabilities	286,548	375,984
Total liabilities	1,303,690	1,446,949
TOTAL EQUITY AND LIABILITIES	3,064,528	3,112,226

Consolidated Cash Flow Statement

For the period ended 31st March 2014

DKK 1,000	Q1 2014	Q1 2013
Earnings before interest and taxes (EBIT)	135,512	81,345
Adjustments for write-downs and depreciation	22,574	20,874
Adjustments for value adjustments on biomass	113,780	4,655
Adjustments for income from associates	7,097	-5,086
Adjustments for currency effects*	-8,451	7,369
Provision for onerous contracts	-70,886	24,117
Change in inventory	-5,943	-100,292
Change in receivables	14,314	-12,307
Change in current debts	-99,658	13,383
Cash flow from operations	108,339	34,058
Cash flow from investments		
Payments made for purchase of fixed assets	-17,680	-22,261
Purchase of shares and other investments	-16,549	-6,347
Cash flow from investments	-34,229	-28,608
Cash flow from financing		
Change of interest bearing debt (short and long)	-66,082	50,355
Financial income*	599	1,044
Financial expenses	-9,660	-7,039
Financing of associate	62,458	49,096
Cash flow from financing	-12,685	93,456
Net change in cash and cash equivalents in period	61,425	98,906
Cash and cash equivalents – opening balance	182,077	25,045
Cash and cash equivalents – closing balance total	243,502	123,951

* Currency effects have in the comparing period been reclassified from cash flow from financing to cash flow from operation.

Consolidated Statement of Changes in Equity

As at 31 March 2014

DKK 1,000	Q1 2014	Q1 2013	End 2013
Total equity 01.01	1,665,277	1,262,911	1,262,912
Profit for the period to equity	87,180	67,474	589,218
Fair value adjustment on financial derivatives	10,354	-16,805	-74,891
Income tax effect	-1,579	0	13,480
Acquisition treasury shares	0	0	-28,949
Currency translation differences	-393	0	1,109
Total other comprehensive income	8,382	-16,805	-89,251
Proposed dividend	-219,862	-97,716	-219,862
Total proposed dividend	-219,862	-97,716	-219,862
Total recognised income and expense to equity	-124,300	-47,047	280,105
Equity transactions between the Company and its shareholders			
Distribution of dividend	0	0	-97,716
Dividends on treasury shares	0	0	114
Proposed dividend	219,862	97,716	219,862
Dividend distribution	219,862	97,716	122,260
Total change in equity during the period	95,562	50,669	402,365
Total equity at the end of the period	1,760,839	1,313,580	1,665,277

Notes to the Account

Accounting Policy

General Information

P/F Bakkafrost is a limited company incorporated and domiciled in the Faroe Islands.

The Annual and Consolidated Report and Accounts of the Group as at 31st December 2013 are available upon request from the company's registered office at

Bakkavegur 9, FO-625 Glyvrar, Faroe Islands, or at www.bakkafrost.com.

This Condensed Consolidated Interim Report is presented in DKK.

Note 1. Statement of Compliance

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU. It does not include all of the information required for the full Annual and Consolidated Report and Accounts and

should be read in conjunction with the Annual and Consolidated Report and Accounts for the Group as at 31st December 2013.

This interim report has not been subject to any external audit.

Note 2. Significant Accounting Policies

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied in the Annual and Consoli-

dated Report and Accounts as at and for the year ended 31st December 2013.

Note 3. Estimates and risk exposure

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognised amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets and some financial instruments, which are measured at fair value. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur.

The accounting estimates are described in Note 3 to the financial statements in the Annual Report 2013.

On the 9th of February 2014, Bakkafrost announced a suspicion of a possible pathogenic ISA-virus at a Bakkafrost farming site.

The detection of a possible pathogenic ISA-virus was not connected to any increase in mortality, and there was no impact on fish health or fish welfare. Bakka-

frost decided to activate the ISA-contingency plan immediately and hence enforced slaughtering of the last cage at the farming site A-80 Selatrað. The site was empty a few days after the detection.

Since the detection, there have not been observed any further possible pathogenic ISA-viruses.

For other risk exposure, reference is made to the Management Statement in the Annual Report for 2013, where Bakkafrost's operational and financial risk is described, as well as to Note 21 (Financial risk management) in the same report.

The risks and uncertainties described therein are expected to remain. Since the issuance of the Annual Report for 2013, the market has been strong and we have seen high salmon prices.

Except for the risks related to the possible detection of ISA virus, the overall risk management is unchanged.

Note 4. Biomass

DKK 1,000	Q1 2014	End 2013
Biological assets carrying amount 01.01	965,895	746,958
Increase due to production or purchases	218,886	1,074,059
Reduction due to harvesting or sale (costs of goods sold)	-230,671	-960,625
Fair value adjustment at the beginning of the period reversed	-296,402	-181,050
Fair value adjustments at the end of the period	182,622	296,402
Reversal of elimination at the beginning of the period	33,738	23,889
Eliminations	-29,008	-33,738
Biological assets carrying amount at the end of the period	845,060	965,895
Cost price biological assets	676,605	689,223
Capitalised interest	14,841	14,008
Fair value adjustments at the end of the period	182,622	296,402
Eliminations	-29,008	-33,738
Biological assets carrying amount	845,060	965,895

Note 5. Segments

Farming segment	Q1	Q1
DKK 1,000	2014	2013
External revenue	313,955	284,529
Internal revenue	204,157	140,445
Total revenue	518,112	424,974
Operating expenses	-317,397	-287,195
Depreciation and amortisation	-14,531	-13,268
Operational EBIT	186,184	124,511
Fair value adjustments on biological assets	-113,780	-4,655
Income from associates	-11,216	-2,773
Earnings before interest and taxes (EBIT)	61,188	117,083
Net interest	-11,009	253
Earnings before taxes (EBT)	50,179	117,336
Taxes	-17,305	-18,774
Profit for the period	32,874	98,562

Value added products	Q1	Q1
DKK 1,000	2014	2013
External revenue	232,252	147,735
Internal purchase of raw material	-204,157	-140,445
Operating expenses	-35,638	-28,954
Depreciation and amortisation	-1,920	-1,564
Operational EBIT	-9,463	-23,228
Provision for onerous contracts	70,887	-24,117
Earnings before interest and taxes (EBIT)	61,424	-47,345
Net interest	-882	354
Earnings before taxes (EBT)	60,542	-46,991
Taxes	-10,898	8,459
Result for the period	49,644	-38,532

Fishmeal, Fish Oil and Fish Feed	Q1	Q1
DKK 1,000	2014	2013
External revenue	85,104	41,037
Internal revenue	92,948	116,433
Total revenue	178,052	157,470
Purchase of goods	-119,833	-102,541
Operating expenses	-36,055	-30,126
Depreciation and amortisation	-6,123	-6,042
Operational EBIT	16,041	18,761
Income from associates	4,119	7,859
Earnings before interest and taxes (EBIT)	20,160	26,620
Net interest	-5,621	767
Earnings before taxes (EBT)	14,539	27,387
Taxes	-2,617	-4,930
Profit for the period	11,922	22,457

Reconciliation of reportable segments to Group earnings before taxes (EBT)	Q1	Q1
DKK 1,000	2014	2013
Farming	50,179	117,336
Value added products	60,542	-46,991
Fish Meal, Fish Oil and Fish Feed	14,539	27,387
Eliminations	-7,260	-15,013
Group earnings before taxes (EBT)	118,000	82,719

Assets and liabilities per segment	Q1	End
DKK 1,000	2014	2013
Farming	3,379,156	2,985,373
Value added products	82,296	67,098
Fishmeal, Fish Oil and Fish Feed	711,246	671,732
Eliminations	-1,108,170	-611,977
Total assets	3,064,528	3,112,226
Farming	-892,495	-993,941
Value added products	-9,738	-36,211
Fishmeal, Fish Oil and Fish Feed	-588,320	-511,529
Eliminations	186,863	94,732
Total liabilities	-1,303,690	-1,446,949

Note 6. Harvest and Feed Sale

Distribution of harvested volumes (tgv)	Q1 2014	Q1 2013
Harvested volume sold fresh/frozen	4,217	4,044
Harvested volume used in VAP production	5,052	4,252
Harvested and purchased volume (tgv)	9,269	8,296
Purchased volumes for the VAP production	779	0

Harvested volumes (tgv)	Q1 2014	Q1 2013
Farming North	321	4,357
Farming West	8,948	3,939
Total harvested volumes (tgv)	9,269	8,296

Distribution of harvested volumes (tgv)	Q1 2014	Q1 2013
Harvested volume used in VAP production	55%	51%
Harvested volume sold fresh/frozen	45%	49%
Harvested and purchased volumes (tgv)	100%	100%

Feed sold volume (tonnes)	Q1 2014	Q1 2013
Internal sale	10,598	10,991
External sale	3,358	3,915
Sold tonnes feed	13,956	14,906

Note 8. Capital commitments

The Group had capital expenditure committed but not provided in these accounts at the date of the Statement of Financial Position of approximately

DKK 230.0 million. Of which DKK 187 million is related to the building of a new well boat, which will be operated by Bakkafrost.

Note 9. Transactions with related parties

Note 26 in Bakkafrost's Annual Report for 2013 provide detailed information on related parties' transactions.

Faroe Farming, an associated company of Bakkafrost, purchased for DKK 7.6 million from Bakkafrost in Q1 2014, and Bakkafrost purchased raw material amounting to DKK 85.3 million from Faroe Farming. At the end of Q1 2014, Faroe Farming owed DKK 7.3 million to the Bakkafrost Group.

Hanstholm Fiskemelsfabrik A/S is a supplier in the feed segment. During Q1 2014, Bakkafrost purch-

ased fishmeal and fish oil amounting to DKK 5.0 million. At the end of Q1 2014, Bakkafrost owed DKK 0 million to Hanstholm Fiskemelsfabrik A/S.

Transactions between P/F Bakkafrost and its subsidiaries meet the definition of related party transactions. As these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

Note 10. Fair value measurements

All assets/liabilities, for which fair value is recognised or disclosed, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For assets/liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During Q1 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

As at 31 March 2014, the Group held the following classes of assets/liabilities measured at fair value:

Assets and Liabilities measured at fair value	Q1			
	2014	Level 1	Level 2	Level 3
Assets measured at fair value				
Intangible assets	293,675	0	0	293,675
Financial assets	479	479	0	0
Biological assets (biomass)	845,060	0	845,060	0
Liabilities measured at fair value				
Long-term interest bearing debt	452,200	452,200	0	0

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