

P/F Bakkafrost

Condensed Consolidated

Interim Report for

Q2 2012 and H1 2012

Table of Contents

Highlights	2
Summary of the 2 nd quarter 2012 and year-to-date 2012.....	3
Financial Review.....	5
Outlook	9
Risks	10
Post-Balance Sheet Events	10
Confirmation from the Board of Directors and the CEO	11
Consolidated Profit and Loss Account	12
Statement of Comprehensive Income	13
Consolidated Statement of Financial Position.....	14
Consolidated Cash Flow Statement	16
Consolidated Changes in Equity	17
Notes to the Account.....	18
Contacts	24

Highlights

After the balance sheet date, the sale of 51% of the total shares in P/F Faroe Farming, a subsidiary of P/F Bakkafrost, is finally settled. Therefore, Faroe Farming is a discontinuing operation in this Interim Report for Q2 2012 and H1 2012. Accordingly, if not stated otherwise, the figures commented on in this report relate to continuing operations.

DKK 1,000	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Group - Operating revenue	416,270	314,300	816,335	554,580
Group - Operational EBIT*	77,667	126,922	137,668	219,204
Group - Profit for the period (continuing and discontinuing operations)	90,911	-25,630	107,337	77,889
Operational EBIT (Farming and VAP)(DKK)	78,311	126,922	138,568	219,204
Operational EBIT*/kg (Farming and VAP)(DKK)	7.66	15.68	6.43	16.18
Operational EBIT*/kg (Farming and VAP) (NOK)	7.78	16.46	6.53	16.97
Farming - Operating revenue	296,810	290,057	609,278	502,656
Farming - Operational EBIT*	67,745	125,603	116,506	216,529
Farming - Operational EBIT margin	23%	43%	19%	43%
Farming - Operational EBIT/kg (DKK)	6.63	15.52	5.40	15.98
Farming - Operational EBIT/kg (NOK)	6.73	16.29	5.49	16.77
VAP - Operating revenue	129,608	137,925	251,105	268,748
VAP - Operational EBIT*	10,566	1,319	22,062	2,675
VAP - Operational EBIT margin	8%	1%	9%	1%
VAP - Operational EBIT/kg (DKK)	2.67	0.37	2.78	0.41
VAP - Operational EBIT/kg (NOK)	2.72	0.39	2.83	0.43
Feed - Operating revenue	191,040	-	341,158	-
Feed - EBITDA	13,736	-	24,814	-
Feed - EBITDA margin	7.19%	-	7.27%	-
DKK/NOK (average)	98.50	95.28	98.40	95.29
Earnings per share (DKK) (continuing and discontinuing operations)	1.86	-0.52	2.20	1.59
Cash flow from operations	151,029	167,824	233,096	268,598
Total Assets**	2,329,413	2,301,774	2,329,413	2,301,774
Net interest bearing debt**	732,732	816,825	732,732	816,825
Equity ratio**	47%	46%	47%	46%
Harvested volume continuing operation (tonnes gutted weight)	10,219	8,092	21,567	13,552
Harvested volume discontinuing operation (tonnes gutted weight)	292	-	1,173	-
VAP produced volume (tonnes gutted weight)	3,950	3,558	7,925	6,532
Sold feed tonnes	20,762	-	36,061	-

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

** Comparing figures at end 2011.

Summary of the 2nd quarter 2012 and year-to-date 2012

(Figures in parenthesis refer to the same period in 2011)

Bakkafrost reached a satisfying quarterly operating EBIT of DKK 77.7 million. All segments had positive margins, where especially the farming segment made a considerable contribution to the total result. The salmon prices in the quarter were stronger than anticipated as the world supply of salmon increased by 30% from Q2 2011 to Q2 2012.

After the balance sheet date, the sale of 51% of the total shares in P/F Faroe Farming, a subsidiary of P/F Bakkafrost, is finally settled. Therefore, Faroe Farming is a discontinuing operation in this Interim Report for Q2 2012. Accordingly, if not stated otherwise, the figures commented on in this report are for the continuing operations.

The Group made a profit for the continuing and discontinuing operations for the period of DKK 90.9 million (DKK -25.6 million) and for H1 2012 the profit for the period was DKK 107.3 million (DKK 77.9 million).

The total harvested volume in Q2 2012 for the continuing operations was 10,219 tonnes gutted weight (8,092 tgw). For both continuing and discontinuing operations, the total harvested volume was 10,511 tonnes gutted weight. The first six months of 2012, Bakkafrost continuing operations harvested 21,567 tonnes gutted weight (13,552 tgw). For both continuing and discontinuing operations, Bakkafrost harvested 22,740 tonnes gutted weight in H1 2012 (13,552 tgw).

Bakkafrost transferred 2.3 million smolts in Q2 2012, which is in line with the Company's plans. For H1 2012 Bakkafrost transferred 4.8 million smolts. In addition Faroe Farming transferred 0.4 million smolt in the 1st half of 2012.

The Group had a net interest bearing debt at the end of Q2 2012 amounting to DKK 732.7 million (DKK 816.8 million at year-end 2011) and had undrawn credit facilities of DKK 317.3 million.

In March 2012, Bakkafrost announced that an agreement had been reached to acquire the non-controlling shares in P/F Faroe Farming, corresponding to 21.93% of the shares in the Company. Consequently, Bakkafrost became the sole owner of the shares in P/F Faroe Farming effective from 1st January 2012. The transaction was an equity transaction. Subsequent to the acquisition of the non-controlling interests, Bakkafrost sold 51% of the total shares in P/F Faroe Farming to the Faroese based investment company P/F Tjaldur. The transaction was, among other things, subject to authority approval. Bakkafrost has received authority approval and consequently the transaction is finalised. Therefore, Bakkafrost now complies with the legal requirements stipulating a maximum control of 50% of the licenses in the Faroe Islands. Faroe Farming's activities are classified as discontinuing operations in these accounts, as the final settlement of the agreement was made after the balance sheet date.

Faroe Farming expects to harvest 6,000 tgw in 2012. Therefore, Bakkafrost will harvest in the range of 42,000-44,000 tgw in 2012.

The combined farming and VAP segment made an operational EBIT of DKK 78.3 million (DKK 126.9 million). Year to date the combined farming and VAP segment made an operational EBIT of DKK 138.6 million (DKK 219.2 million).

The isolated farming segment made an operational EBIT of DKK 67.7 million (DKK 125.6 million). On a year to date basis the farming segment made an operational EBIT of DKK 116.5 million (DKK 216.5 million).

The VAP segment made an operational EBIT of DKK 10.6 million, which is higher compared to Q2 2011, when the VAP segment made an operational EBIT of DKK 1.3 million. Year to date the VAP segment made an operational EBIT amounting to DKK 22.1 million (DKK 2.7 million).

The 3rd segment – fishmeal, oil and feed – made an EBITDA of DKK 13.7 million in Q2 2012 and DKK 24.8 million for H1 2012.

Segment performance per harvested kg

Operational EBIT/kg harvested (continuing operations)	Q2	Q2	YTD	YTD
	2012	2011	2012	2011
Farming EBIT/kg (DKK)	6.63	15.52	5.40	15.98
Farming EBIT/kg (NOK)	6.73	16.29	5.49	16.77
VAP EBIT/kg (DKK)	2.67	0.37	2.78	0.41
VAP EBIT/kg (NOK)	2.72	0.39	2.83	0.43
Feed EBITDA/kg (DKK)	0.66	-	0.69	-
Feed EBITDA/kg (NOK)	0.67	-	0.70	-

Smolt transfer

Bakkafrost Group					
1,000 pieces	2008	2009	2010	2011	2012E
Farming North, salmon	3,200	4,000	4,100	5,000	6,600
Farming West, trout	700	300	0	0	0
Farming West, salmon	1,400	2,100	4,100	2,600	4,000
Viking/Faroe Farming	-	1,700	2,800	1,000	-
Faroe Farming	-	-	-	-	1,000
Total	5,300	8,100	11,000	8,600	11,600

Financial Review

(Figures in parenthesis refer to the same period in 2011)

Income Statement

The operating revenues amounted to DKK 416.3 million in Q2 2012 (DKK 314.3 million). For H1 2012 the operating revenue amounted to DKK 816.3 million (DKK 554.6 million). The increase in the revenue is due to higher harvested volumes at a lower price and the acquisition of the Havsbrún Group in the summer 2011.

Bakkafrost harvested the following:

	Q2	Q2	YTD	YTD
Harvested volumes (tgv)	2012	2011	2012	2011
Farming North	7,919	7,200	9,248	11,113
Farming West	2,300	892	12,319	2,439
Faroe Farming (discontinuing operation)	292	-	1,173	-
Total harvested volumes (tgv)	10,511	8,092	22,740	13,552

Operational EBIT was DKK 77.7 million in Q2 2012 (DKK 126.9 million). For H1 2012 operational EBIT was DKK 137.7million (DKK 219.2).

A fair value adjustment of the Group's biological assets has been recognised in Q2 2012, amounting to DKK 16.7 million (DKK -158.4 million). In H1 2012, a fair value adjustment has been recognised amounting to DKK 9.3 million (DKK -117.4 million).

No provisions for onerous contracts are in Q2 2012 and H1 2012 (reversal of DKK 8.0 million in Q2 2011 and a reversal of DKK 2.9 million in H1 2011).

Income from associated companies amounts to DKK -3.1 million (DKK 0.0 million) in H1 2012 and relates to the result from Hanstholm Fiskemelfabrik in which Bakkafrost has a shareholding of 34%.

Net interest in Q2 2012 amounted to DKK -2.2 million (DKK -2.8 million). For H1 2012 net interest amounted to DKK -9.9 million (DKK -3.6 million). The increase in the net interests is due to higher interest bearing debt following the acquisition of Havsbrún in 2011.

Net taxes amounted to DKK -20.3 million in Q2 2012 (DKK 1.4 million). For H1 2012 net taxes amounted to DKK -27.0 million (DKK -22.2 million).

The result for Q2 2012 for the continuing operations was DKK 71.8 million (DKK -25.6 million). For H1 2012 it was DKK 107.0 million (DKK 77.9 million).

The result after tax for Q2 2012 after tax for the discontinuing operations was DKK 19.1 million (DKK 0 million). For H1 2012 the result was DKK 0.3 million (DKK 0 million).

Thus, the total result for Q2 2012 was DKK 90.9 million (DKK -25.6 million) and the result for H1 2012 was DKK 107.3 million (DKK 77.9 million).

The number of fish in cages (continuing operations) is 2% higher at the end of Q2 2012 than at the same time last year. The average size of the fish is 9% higher.

Segments

Bakkafrost has three operating segments: one farming segment, one segment for value added products (VAP) and one segment for the fishmeal, fish oil, and fish feed production. Fresh/frozen salmon is sold on the spot market, while VAP products are sold on long-term contracts.

Distribution of harvested volumes (t _{gw}) (continuing and discontinuing operations)	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Harvested volume used in VAP production	38%	44%	35%	48%
Harvested volume sold fresh/frozen	62%	56%	65%	52%
Total	100%	100%	100%	100%

The allocation of raw material between VAP and whole gutted salmon was 38% processed as VAP products and 62% sold as whole gutted salmon in Q2 2012 (continuing and discontinuing operations). In H1 2012 35% of the harvested volumes was used for VAP products and 65% was sold as fresh whole salmon.

Relatively the share of the total harvested salmon used for VAP products has declined from 2011 to 2012. The total harvested volume has increased significantly, while the VAP capacity has not increased at the same rate. However, in general Bakkafrost aims at producing around 40-50% of the harvested volume as VAP products.

Farming:

The operating revenue for Bakkafrost's farming segment was DKK 296.8 million in Q2 2012 (DKK 290.1 million). For H1 2012 the operating revenue was DKK 609.3 million (DKK 502.7 million).

Operational EBIT, which is EBIT before fair value adjustments on biological assets, amounted to DKK 67.7 million in Q2 2012 (DKK 125.6 million). For H1 2012 the operational EBIT was DKK 116.5 million (DKK 216.5 million).

Operational EBIT/kg for the farming segment was DKK 6.63 (NOK 6.73) in Q2 2012 compared to DKK 15.52 (NOK 16.29) in Q2 2011. Most of the difference is due to the decrease in the salmon prices. Operational EBIT/kg for H1 2012 was DKK 5.40 (NOK 5.49) compared to DKK 15.98 (NOK 16.77) in H1 2011.

The result after tax for the farming segment's continuing operations for Q2 2012 was DKK 64.1 million (DKK -32.7 million). For H1 2012 the result was DKK 92.9 million (DKK 74.6 million).

The result after tax for the farming segment's discontinuing operations for Q2 2012 was DKK 19.1 million (DKK 0 million). For H1 2012 the result after tax for the farming segment's discontinuing operations was DKK 0.3 million (DKK 0 million).

The total result after tax for the farming segment for Q2 2012 was DKK 83.2 million (DKK -32.7 million) and for H1 2012 the total result was DKK 93.2 million (DKK 74.6 million).

Value Added Products (VAP):

The operating revenue for the value added segment amounted to DKK 129.6 million in Q2 2012 (DKK 137.9 million in Q2 2011). For H1 2012 the operating revenue was DKK 251.1 million (DKK 268.7 million). The revenue has decreased due to lower contracted prices.

Operational EBIT amounted to DKK 10.6 million in Q2 2012 (DKK 1.3 million in Q2 2011), corresponding to an operational EBIT of DKK 2.67 (NOK 2.72) per kg gutted weight in Q2 2012 (Q2 2011: DKK 0.37 (NOK 0.39) per kg gutted weight). For H1 2012 the operational EBIT/kg was DKK 2.78 (NOK 2.83), compared to DKK 0.41 (NOK 0.43) for H1 2011.

Following the peak in the salmon prices in H1 2011, the prices for fresh salmon have decreased significantly. This has affected the VAP segment positively, as this segment purchases its raw material based on the prices on the spot market. However, during Q4 2011 and H1 2012 the contract prices have decreased, reflecting the decrease in the spot prices. On the other hand, this development has stimulated the demand for VAP products.

Fish Meal, Fish Oil and Fish Feed:

Following the acquisition of Havsbrún on 1st July 2011, Bakkafrost included the fishmeal, fish oil and fish feed segment in the Company's consolidated accounts.

The operating revenue for the fishmeal, fish oil and fish feed segment amounted to DKK 191.0 million in Q2 2012 of which DKK 114.1 million represents sales to Bakkafrost's farming segment corresponding to 60%. For H1 2012 the operating revenue was DKK 341.2 million of which DKK 218.2 million is sale to Bakkafrost's farming segment corresponding to 64%.

EBITDA was DKK 13.7 million in Q2 2012, and the EBITDA margin was 7.2%. For H1 2012 EBITDA was DKK 24.8 million and the EBITDA margin was 7.3%

Sales of feed amounted to 20,762 tonnes in Q2 2012, of which the farming segment internally used 12,376 tonnes. For H1 2012 the sale of feed amounted to 36,061 tonnes of which 24,203 was used internally.

The result after tax for Q2 2012 was DKK 7.1 million and for H1 2012 the result was 9.2 million.

Statement of Financial Position

The Group's total assets as of 30th June 2012 amounted to DKK 2,329.4 million compared to DKK 2,301.8 million at the end of 2011.

As the activities in Faroe Farming are classified as held for sale, significant changes are in most of the line items in the balance sheet compared to end 2011.

The Group's intangible assets amounted to DKK 293.7 million (2011: DKK 370.0 million) and comprise primarily the fair value of farming licences. The decrease is due to the sale of Faroe Farming.

Property, plant and equipment have decreased from DKK 828.5 million at the end of 2011 to DKK 779.6 million at the end of June 2012. The decrease is due to the sale of Faroe Farming.

The Group's book value (fair value) of biological assets (fish in the sea) amounted to DKK 576.3 million at the end of June 2012, compared to DKK 700.3 million at the end of 2011. Included in the booked value of the biological assets is a fair value adjustment amounting to DKK 100.4 million compared to DKK 86.0 million at the end of 2011. The decrease in the booked value of the biological assets is also due to the sale of Faroe Farming.

The Group's total inventories amounted to DKK 199.2 million as of 30th June 2012, compared to DKK 179.2 million at year-end 2011. 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 179.4 million as of 30th June 2012 compared to DKK 171.1 million at the end of 2011.

Assets held for sale amounted to DKK 218.7 million (2011: DKK 0 million) and comprise the fair value of the assets in Faroe Farming.

The Group's equity as at 30th June 2012 is DKK 1,088.9 million compared to DKK 1,061.0 million at the end of 2011. The change in equity in 2012 primarily consists of the profit for the period, the acquisition of the non-controlling interests in Faroe Farming and dividend to the shareholders. Bakkafrost paid out dividend amounting to DKK 48.9 million to the shareholders of Bakkafrost in April 2012, corresponding to DKK 1 per share.

The Group's total non-current liabilities amounted to DKK 944.1 million at the end June 2012 compared to DKK 989.7 million at the end of 2011. Deferred and other taxes amounted to DKK 262.5 million compared to DKK 256.0 million at the end of 2011. Long-term debt decreased from DKK 733.7 million at the end of 2011 to DKK 681.5 million at the end of June 2012. Bakkafrost interests bearing debt consists of two loans: one instalment loan of DKK 450 million, payable with DKK 25 million each quarter, and one loan payable after five years with the full amount of DKK 600 million.

At the end of June 2012 the Group's total current liabilities are DKK 267.6 million compared to DKK 251.0 million at the end of 2011. 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 167.6 million compared to DKK 151.0 million at the beginning of the year.

Liabilities held for sale amounted to DKK 28.8 million (2011: DKK 0 million) and cover the liabilities in Faroe Farming.

Bakkafrost equity ratio is 47% compared to 46% at the end of 2011. The increase is due to the positive result. On the other hand, the purchase of the non-controlling interest in Faroe Farming and the payment of dividend of DKK 48.9 million reduces the equity ratio. Bakkafrost aims at increasing the equity ratio to have a strong financial position to enable the Group to follow a strategy of pursuing further growth and profitability. The Board of Directors will continue to attach great importance to this going forward.

Cash Flow

The cash flow from operations in Q2 2012 was DKK 151.1 million (DKK 167.8 million). The Group's strong cash flow from operations is due to a good result from the operation, combined with the classification of Faroe Farming as a discontinuing operation, and a reduction of receivables compared with Q1 2012. Cash flow from operations for H1 2012 amounted to DKK 233.1 million (DKK 268.6 million).

In the cash flow statement for Q1 2012, dividend payable amounting to DKK 48.9 million was not correct presented under cash flow from financing as a Change in dividend payable. Therefore, cash flow from operations for Q1 2012 has been increased from DKK 33.2 to DKK 82.0 million and cash flow from financing accordingly reduced from DKK 6.1 million to DKK -42.7 million. The correction was incorporated into the cash flow statement for H1 2012 presented in this report.

The cash flow from investment activities in Q2 2012 amounted to DKK -19.8 million (DKK -577.9 million) and originates from investments made in all parts of the Group's value chain. The first six months of 2012 the Group made investment of DKK 36.8 million (DKK 598.2 million).

Cash flow from financing activities totalled DKK -121.6 million in Q2 2012 (DKK 361.7 million) and relates first of all to decrease in debt, the acquisition of the minority shares in Faroe Farming and payout of dividend. In H1 2012 cash flow from financing amounted to DKK -164.3 million (DKK 325.9 million)

Net cash flow from discontinuing operations amounted to DKK 4.6 million compared to nil in Q2 2011 and for H1 2012 DKK 0 million (DKK 0 million). Faroe Farming has built up biomass during H1 2012.

Net cash flow in Q2 2012 amounted to DKK 14.3 million (DKK -48.4 million) and for H1 2012 DKK 31.9 million (DKK -3.7 million).

At the end of 2nd quarter 2012 Bakkafrost had unused credit facilities of DKK 317.3 million.

Outlook

Bakkafrost increased its Group operational EBIT by 30% from DKK 60.0 million to DKK 77.7 million from Q1 2012 to Q2 2012, despite harvested volumes decreasing 10% and the world supply of salmon increasing by around 30% from Q2 2011 to Q2 2012. The Group also made a strong cash flow in the period, which opens up for commercial possibilities both organic and other.

The strong result also enables the Group to continue its investment programme. In 2012, investments of around DKK 115.0 million will be made, including maintenance investments of around DKK 80.0 million. Investments will be made in all parts of the value chain.

Fish health, animal welfare and bio-security are of crucial importance for the Company. No outbreaks of diseases at sea have occurred during the last years. However, the focus on and challenges regarding sea lice have increased in the last few years. Bakkafrost and other farmers in the Faroe Islands have improved the strategy to reduce the number of sea lice in order to mitigate the biological risk from sea lice.

Bakkafrost expects to harvest between 42,000 to 44,000 tonnes gutted weight in 2012, compared to 36,343 tonnes gutted weight in 2011. This means that in the 2nd half of 2012 Bakkafrost plans to harvest between 20,500 and 22,500 tonnes gutted weight. In addition to this Faroe Farming is expected to harvest 6,000 tonnes gutted weight in 2012, of which 1,173 tonnes were harvested in H1 2012.

In the short term, supply of farmed Atlantic salmon is expected to increase quarter on quarter, which may put the spot price under pressure, but from Q4 2012, the market is expected to be more in balance.

The number of smolts released is one key element of predicting the future result for the Group. Bakkafrost's forecast for the smolt release is unchanged at 10.6 million smolts in 2012. On top of this Faroe Farming is expected to release 1.0 million smolts.

Bakkafrost has a combined market strategy to sell around 50-60% of the harvested salmon on the spot market as fresh whole salmon and 40-50% as VAP products sold on long-term contracts prices. This stabilises the Group's cash flow in a volatile salmon market. For the remainder of 2012 the Company has contracted nearly the full capacity of VAP products and started to commit contracts for 2013.

The raw material situation for Havsbrún is expected to continue to be volatile, affecting the production of own fishmeal and oil. Alternatively, Havsbrún purchases fishmeal and oil on the world market. The raw material prices will likely increase in the near future, affecting Bakkafrost's as well as the total farming industry negatively, and consequently result in increased production costs. The outlook concerning Havsbrún's sales of fish feed is unchanged at around 85,000 tonnes in 2012.

Improved market balances on the world market for salmon products will likely improve the financial flexibility going forward. Bakkafrost will also in the future focus on further strengthening of the financial position, M&A and organic growth opportunities.

Risks

Bakkafrost has not identified any additional risk exposure beyond the risks described in the 2011 Annual and Consolidated Report and Accounts. The 2011 Annual and Consolidated Report and Accounts are available on request from Bakkafrost and on Bakkafrost's website, www.bakkafrost.com.

As explained in the latter report, Bakkafrost is exposed to the salmon price. The salmon price is expected to stay at a low level in the next quarter due to the expected increase in global supply.

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

Post-Balance Sheet Events

From the date of the statement of financial position until today, the following event have occurred which materially affect the information provided by this report.

In March 2012 Bakkafrost announced that an agreement had been reached to acquire the non-controlling shares in P/F Faroe Farming, corresponding to 21.93% of the shares in the Company. Consequently, Bakkafrost became the sole owner of 100% of the shares in P/F Faroe Farming effective from 1st January 2012. The transaction was an equity transaction. Subsequent to the acquisition of the non-controlling interests, Bakkafrost sold 51% of the total shares in P/F Faroe Farming to the Faroese based investment company P/F Tjaldur. The transaction was, among other things, subject to authority approval. Bakkafrost has received authority approval and consequently the transaction is finalised. Therefore, Bakkafrost now complies with the legal requirements stipulating a maximum control of 50% of the licenses in the Faroe Islands. Faroe Farming's activities are classified as discontinuing operations in these accounts, as the final settlement of the agreement was made after the balance sheet date.

Confirmation from the Board of Directors and the CEO

We confirm, to the best of our knowledge, that the interim financial report for the first half of 2012 has been prepared in accordance with IFRS, as adopted by EU, and gives a true and fair view of the Group's consolidated assets, liabilities, financial position and results for the period. Furthermore, we confirm that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act § 5 – 6, fourth paragraph.

Glyvrar, August 14th 2012

The Board of Directors of P/F Bakkafrost

Rúni M. Hansen
Chairman of the Board

Johannes Jensen
Vice-Chairman of the Board

Trine Sæther Romuld

Virgar Dahl

Annika Frederiksberg

Odd Eliassen

Regin Jacobsen
CEO

Consolidated Profit and Loss Account

For the period ended 30th June 2012

DKK 1,000	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Operating revenue	416,270	314,300	816,335	554,580
Purchase of goods	-134,273	-94,821	-274,455	-171,275
Change in inventory and biological assets (at cost)	-21,264	7,739	-51,656	27,372
Salary and personnel expenses	-51,622	-35,091	-102,399	-64,413
Other operating expenses	-111,700	-54,101	-210,666	-105,198
Depreciation	-19,744	-11,104	-39,491	-21,862
Operational EBIT	77,667	126,922	137,668	219,204
Fair value adjustments on biological assets	16,711	-158,424	9,326	-117,350
Onerous contracts	0	8,048	0	2,856
Income from associates	0	0	-3,098	0
Acquisition costs	0	-794	0	-1,092
Badwill	0	0	0	0
Earnings before interest and taxes (EBIT)	94,378	-24,248	143,896	103,618
Financial income	603	444	669	2,460
Net interest expenses	-5,870	-2,203	-11,518	-3,530
Net currency effects	3,606	-687	1,999	-2,052
Other financial expenses	-555	-377	-987	-444
Earnings before taxes (EBT)	92,162	-27,071	134,059	100,052
Taxes	-20,356	1,441	-27,064	-22,163
Profit or loss for the period continuing operations	71,806	-25,630	106,995	77,889
Discontinued operations				
Profit or loss from discontinued operations, after tax	19,105	0	342	0
Profit or loss for the period	90,911	-25,630	107,337	77,889
Earnings per share (DKK), continuing operations	1.47	-0.52	2.20	1.59
Earnings per share (DKK), discontinuing operations	0.39	0.00	0.01	0.00

There are no potential shares that can dilute the stated EPS.

Statement of Comprehensive Income

For the period ended 30th June 2012

DKK 1,000	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Profit for the period	90,911	-25,630	107,337	77,889
Fair value adjustment on financial derivatives	-595	0	-475	0
Fair value adjustment on purchased non-controlling interests	0	0	1,634	0
Fair value adjustment on securities available for sale	-90	0	-90	47,009
Tax on fair value adjustment	16	0	16	-8,462
Total other comprehensive income for the period	90,242	-25,630	108,422	116,436

Consolidated Statement of Financial Position

As of 30th June 2012

DKK 1,000	30 June 2012	End 2011
ASSETS		
Non-current assets		
Intangible assets	293,675	369,955
Property, plant and equipment	779,634	828,523
Financial assets	31,061	35,855
Long term receivables	0	0
Deferred tax asset	2,689	0
Total non-current assets	1,107,059	1,234,333
Current assets		
Biological assets (biomass)	576,255	700,336
Inventory	199,205	179,179
Total inventory	775,460	879,515
Accounts receivable	152,011	154,496
Other receivables	27,386	16,562
Total receivables	179,397	171,058
Cash and cash equivalents	48,805	16,868
Total current assets	1,003,662	1,067,441
Assets held for sale	218,692	0
TOTAL ASSETS	2,329,413	2,301,774

Consolidated Statement of Financial Position

As of 30th June 2012

DKK 1,000	30 June 2012	End 2011
EQUITY AND LIABILITIES		
Equity		
Share capital	48,858	48,858
Other equity	1,040,168	977,596
Non-controlling interests	0	34,557
Total equity	1,089,026	1,061,011
Non-current liabilities		
Deferred taxes and other taxes	262,429	256,023
Long-term interest bearing debts	681,537	733,693
Total non-current liabilities	943,966	989,716
Current liabilities		
Short-term interest bearing debt	100,000	100,000
Accounts payable and other debt	167,599	151,047
Total current liabilities	267,599	251,047
Liabilities held for sale	28,822	0
Total liabilities	1,240,387	1,240,763
TOTAL EQUITY AND LIABILITIES	2,329,413	2,301,774

Consolidated Cash Flow Statement

For the period ended 30th June 2012

DKK 1,000	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Earnings before interest and taxes (EBIT)	94,378	-24,247	143,896	103,618
Adjustments for write-downs and depreciation	19,744	11,104	39,491	21,862
Adjustments for value adjustments on biomass	-16,711	158,424	-9,326	117,350
Adjustments for income from associates	0	0	3,098	0
Taxes paid	0	0	-2,878	0
Provision for onerous contracts	0	-8,048	0	-2,856
Change in inventory	10,938	-7,738	49,812	-27,639
Change in receivables	46,106	-10,639	-9,812	4,643
Change in current debts	-3,396	48,968	18,815	51,620
Cash flow from operations	151,059	167,824	233,096	268,598
Cash flow from investments				
Deposit into trust account for the acquisition of Havsbrún	0	-559,354	0	-559,354
Proceeds from sale of fixed assets	0	882	0	882
Payments made for purchase of fixed assets	-19,829	-19,602	-36,840	-39,848
Purchase of shares and other investments	3	0	0	0
Change in long-term receivables	0	155	0	155
Cash flow from investments	-19,826	-577,919	-36,840	-598,165
Cash flow from financing				
Change of interest bearing debt (short and long)	-40,805	555,511	-75,862	520,505
Acquisition of minorities	-30,000	0	-30,000	0
Received interest	144	444	255	2,460
Paid interest	-2,068	-3,267	-9,856	-6,026
Dividend paid	-48,858	-191,035	-48,858	-191,035
Cash flow from financing	-121,587	361,652	-164,321	325,904
Cash flow from discontinuing operations				
Net cash from operating activities	-17,937	0	-21,879	0
Net cash used for investing activities	-738	0	-1,241	0
Net cash used for financing activities	23,288	0	23,122	0
Net cash used for discontinuing operations	4,613	0	2	0
Net change in cash and cash equivalents in period	14,259	-48,443	31,937	-3,663
Cash and cash equivalents – opening balance	34,546	53,907	16,868	9,128
Cash and cash equivalents – closing balance total	48,805	5,464	48,805	5,464

NOTE: In the cash flow statement for Q1 2012, dividend payable amounting to DKK 48.9 million was not correct presented under cash flow from financing as a Change in dividend payable. Therefore, cash flow from operations for Q1 2012 has been increased from DKK 33.2 to DKK 82.0 million and cash flow from financing accordingly reduced from DKK 6.1 million to DKK -42.7 million. The correction was incorporated into the cash flow statement for H1 2012 presented above.

Consolidated Changes in Equity

As of 30th June 2012

DKK 1,000	30 June 2012	2011
Total equity 01.01	1,061,010	902,289
Profit for the period to equity	107,337	323,417
Adjustment to 01.01	0	0
Fair value adjustment on interest rate swap	0	1,589
Fair value adjustment on financial derivatives	-475	0
Reversal of fair value adjustment on securities available for sale	-90	-12,831
Reversal of deferred tax on securities available for sale	102	3,024
Fair value adjustment on purchased non-controlling interests	1,634	0
Total other comprehensive income	1,171	-8,218
Proposed dividend	0	-48,858
Total proposed dividend	0	-48,858
Total recognised income and expense to equity	108,508	266,341
Equity transactions between the Company and its shareholders		
Acquisition of minorities	-31,634	0
Equity decrease by acquisition of minorities	-31,634	0
Distribution of dividend	-48,858	-191,035
Proposed dividend	0	48,858
Total equity to shareholders during the year	-48,858	-142,177
Total change in equity during the period	28,016	124,164
Non-controlling acquired in the period	0	36,528
Result for the period	0	-1,971
Non-controlling interests at the end of the period	0	34,557
Total equity at the end of the period	1,089,026	1,061,011

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 2011 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 2011.

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 Consolidated Report and Accounts as at and for the year ended 31st December 2011.

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 2011.

For risk exposure reference is made to the Management Statement in the Annual Report for 2011, where Bakkafrost's operational and financial risk is described, as well as to note 20 (Financial market risk) in the same report.

The risks and uncertainties described therein are expected to remain for the next six months. Since the issuance of the Annual Report for 2011, the markets have been strong, even if we have seen a significant reduction in the salmon price compared to first half of 2011.

The overall risk management is unchanged.

Note 4. Biomass

DKK 1,000	30June 2012	31Dec 2011
Biological assets carrying amount 01.01	700,336	482,091
Increase due to production or purchases	376,214	740,590
Increase due to acquisitions	0	154,268
Reduction due to harvesting or sale (costs of goods sold)	-424,319	-605,536
Fair value adjustment at the beginning of the period reversed continuing operations	-86,037	-130,792
Fair value adjustments at the end of the period	100,415	86,037
Biological assets available for sale	-99,073	0
Reversal of elimination at the beginning of the period	26,322	0
Eliminations	-17,603	-26,322
Biological assets carrying amount at the end of the period	576,255	700,336
Cost price biological assets	493,443	640,621
Fair value adjustments at the end of the period	100,415	86,037
Eliminations	-17,603	-26,322
Biological assets carrying amount	576,255	700,336

Note 5. Segments

Farming segment	Q2	Q2	YTD	YTD
DKK1,000	2012	2011	2012	2011
External revenue	209,685	176,376	442,233	285,833
Internal revenue	87,125	113,681	167,045	216,823
Total revenue	296,810	290,057	609,278	502,656
Operating expenses	-216,771	-154,411	-468,183	-266,599
Depreciation and amortisation	-12,294	-10,043	-24,589	-19,528
Operational EBIT	67,745	125,603	116,506	216,529
Fair value adjustments on biological assets	16,711	-158,423	9,326	-117,349
Income from associate	0	0	0	0
Acquisition costs	0	-516	0	-874
Earnings before interest and taxes (EBIT)	84,456	-33,336	125,832	98,306
Net interest	-3,481	-2,419	-11,979	-2,319
Earnings before taxes (EBT)	80,975	-35,755	113,853	95,987
Taxes	-16,832	3,006	-20,949	-21,430
Profit for the period (continuing operations)	64,143	-32,749	92,904	74,557
Profit or loss from discontinued operations, after tax	19,105	0	343	0
Profit or loss for the period	83,248	-32,749	93,247	74,557

Value added products	Q2	Q2	YTD	YTD
DKK1,000	2012	2011	2012	2011
External revenue	129,608	137,925	251,105	268,748
Internal purchase of raw material	-87,125	-113,681	-167,045	-216,823
Operating expenses	-30,456	-21,745	-59,043	-46,916
Depreciation and amortisation	-1,461	-1,180	-2,955	-2,334
Operational EBIT	10,566	1,319	22,062	2,675
Provision for onerous contracts	0	8,048	0	2,856
Income from associates	0	0	0	0
Acquisition costs	0	-278	0	-218
Earnings before interest and taxes (EBIT)	10,566	9,089	22,062	5,313
Net interest	405	-404	720	-1,247
Earnings before taxes (EBT)	10,971	8,685	22,782	4,066
Taxes	-1,975	-1,565	-4,101	-733
Result for the period, continuing operations	8,996	7,120	18,681	3,333

Fish Meal, Fish Oil and Fish Feed DKK1,000	Q2 2012	Q2 2011	YTD 2012	YTD 2011
External revenue	76,977	0	122,997	0
Internal revenue	114,063	0	218,161	0
Total revenue	191,040	-	341,158	0
Purchase of goods	-148,652	0	-263,596	0
Operating expenses	-28,652	0	-52,748	0
Depreciation and amortisation	-5,989	0	-11,947	0
Operational EBIT	7,747	0	12,867	0
Fair value adjustments on biological assets	0	0	0	0
Income from associate	0	0	-3,098	0
Acquisition costs	0	0	0	0
Earnings before interest and taxes (EBIT)	7,747	0	9,769	0
Net interest	860	0	1,422	0
Earnings before taxes (EBT)	8,607	0	11,191	0
Taxes	-1,549	0	-2,014	0
Profit for the period	7,058	0	9,177	0

Reconciliation of reportable segments to Group earnings before taxes (EBT) DKK1,000	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Farming	80,975	-35,755	113,853	95,987
Value added products	10,971	8,685	22,782	4,066
Fish Meal, Fish Oil and Fish Feed	8,607	0	11,191	0
Eliminations	-8,391	0	-13,767	0
Group earnings before taxes (EBT)	92,162	-27,070	134,059	100,053

Assets per segment DKK1,000	End Q2 2012	End 2011
Farming	2,101,973	2,368,388
Value added products	106,582	83,279
Fish Meal, Fish Oil and Fish Feed	753,929	677,199
Eliminations	-851,763	-827,092
Assets held for sale (previously included in the farming segment)	218,692	0
Group earnings before taxes (EBT)	2,329,413	2,301,774

Note 6. Harvest and Feed Sale

Distribution of harvested volume (tgw)	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Harvested volume used in VAP production	3,950	3,558	7,925	6,532
Harvested volume sold fresh/frozen	6,561	4,534	14,815	7,020
Harvested and purchased volume (gtw)	10,511	8,092	22,740	13,552

*Proforma includes Faroe Farming and Viking for H1 2011.

Harvested volumes (tgw)	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Farming North	7,919	7,200	9,248	11,113
Farming West	2,300	892	12,319	2,439
Faroe Farming	292	-	1,173	-
Total harvested volumes (tgw)	10,511	8,092	22,740	13,552

Distribution of harvested volume (tgw)	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Harvested volume used in VAP production	38%	44%	35%	48%
Harvested volume sold fresh/frozen	62%	56%	65%	52%
Harvested and purchased volume (tgw)	100%	100%	100%	100%

Feed sold volume (tonnes)	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Internal sale	12,376	-	24,203	-
External sale	8,386	-	11,858	-
Sold tonnes feed	20,762	-	36,061	-

Note 7. Discontinuing operation

Sale of controlling interest (51%) in Faroe Farming

In March 2012 Bakkafrost announced that an agreement had been reached to acquire the non-controlling shares in P/F Faroe Farming, corresponding to 21.93% of the shares in the Company. With the agreement Bakkafrost became the sole owner of the shares in P/F Faroe Farming effective from 1st January 2012. The transaction was an equity transaction. Subsequent to the acquisition of the non-controlling interests, P/F Bakkafrost sold 51% of the total shares in P/F Faroe Farming to the Faroese based investment company P/F Tjaldur. The transaction was, among other things, subject to authority approval. Bakkafrost has received authority approval and consequently the transaction is finalised. Therefore, Bakkafrost now complies with the legal requirements stipulating a maximum control of 50% of the licenses in the Faroe Islands. Faroe Farming's activities are classified as discontinuing operations in these accounts, as the final settlement of the agreement was made after the balance sheet date.

Faroe Farming expects to harvest 6,000 tgw in 2012.

Profit and loss for the period DKK 1,000	YTD 2012
Operating revenue	30,086
Expenses	-29,717
Operational EBIT	369
Fair value adjustments on biological assets	15,696
Impairment loss recognised on re-measurement to fair value	-14,938
Earnings before interest and taxes (EBIT)	1,127
Net Financial items	-583
Earnings before interest and taxes (EBIT)	544
Tax related to current profit/loss	-2,892
Tax related to fair value	2,689
Profit or loss for the period discontinuing operations	341

Note 9. 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 5 million.

Note 9. Transactions with related parties

Note 23 in Bakkafrost's Annual Report for 2011 provide detailed information on related parties' transactions. Bakkafrost is an associated company in Salmar ASA. Salmar ASA owns 25.21% of total outstanding shares in P/F Bakkafrost.

Salmar ASA is a customer in the feed segment. During the first half of 2012, Salmar ASA purchased feed amounting to DKK 32.5 million from the Bakkafrost Group. The transactions took place at arm's length prices and principles. On 30th June 2012, Salmar ASA owed DKK 17.9 million to the Bakkafrost Group.

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

Contacts

P/F Bakkafrost
Bakkavegur 9
FO-625 Glyvvar
Faroe Islands
Telephone: +298 40 50 00
Fax: +298 40 50 09
E-mail: bakkafrost@bakkafrost.com
Website: www.bakkafrost.com