

P/F Bakkafrost

Condensed Consolidated Interim Report for Q1 2013

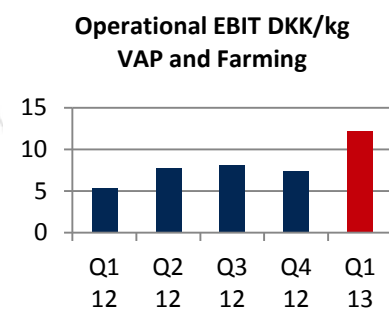
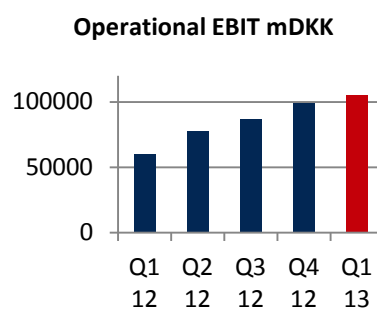
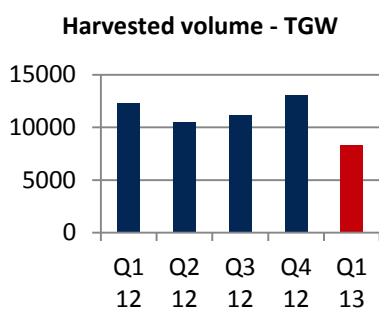


Table of Contents

Highlights	2
Summary of the 1 st Quarter 2013	3
Financial Review.....	4
Outlook	7
Risks	8
Post-Balance Sheet Events	8
Consolidated Income Statement	9
Statement of Comprehensive Income	10
Consolidated Statement of Financial Position.....	11
Consolidated Statement of Financial Position.....	12
Consolidated Cash Flow Statement.....	13
Consolidated Changes in Equity	14
Notes to the Account	15
Contacts	23

Highlights

DKK 1,000	Q1 2013	Q1 2012
INCOME STATEMENT		
Group - Operating revenue	473,301	400,065
Group - Operational EBIT*	105,031	60,001
Group - Profit for the period (continuing and discontinuing operations)	67,474	16,427
Operational EBIT (Farming and VAP)(DKK)	101,283	60,257
Operational EBIT*/kg (Farming and VAP)(DKK)	12.21	5.31
Operational EBIT*/kg (Farming and VAP) (NOK)	12.16	5.42
Farming - Operating revenue	424,974	312,468
Farming - Operational EBIT*	124,511	48,761
Farming - Operational EBIT margin	29%	16%
Farming - Operational EBIT/kg (DKK)	15.01	4.30
Farming - Operational EBIT/kg (NOK)	14.95	4.38
VAP - Operating revenue	147,735	121,497
VAP - Operational EBIT*	-23,228	11,496
VAP - Operational EBIT margin	-16%	9%
VAP - Operational EBIT/kg (DKK)	-5.46	2.89
VAP - Operational EBIT/kg (NOK)	-5.44	2.95
Feed - Operating revenue	157,470	150,118
Feed - EBITDA	24,803	11,078
Feed - EBITDA margin	15.75%	7.38%
DKK/NOK (average)	100.39	98.02
FINANCIAL POSITION AND CASHFLOW		
Total Assets**	2,717,284	2,570,911
Equity**	1,313,580	1,262,912
Equity ratio**	48%	49%
Net interest bearing debt**	775,157	806,903
Cash flow from operations	26,689	33,179
PROFITABILITY		
Basic earnings per share (DKK)	1.38	0.34
Diluted earnings per share (DKK)	1.38	0.34
ROE***	5.2%	1.6%
ROCE (for the last quarter)****	5.1%	3.4%
ROCE (for the last 4 quarters)	17.9%	21.1%
ROIC (for the last quarter)*****	3.9%	2.7%
ROIC (for the last 4 quarters)	19.5%	16.1%
VOLUMES		
Harvested volume continuing operation (tonnes gutted weight)	8,296	11,348
Harvested volume discontinuing operation (tonnes gutted weight)	0	881
VAP produced volume (tonnes gutted weight)	4,252	3,975
Sold feed tonnes	14,906	15,299

* 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 2013

(Figures in parenthesis refer to the same period in 2012)

The Bakkafrost Group delivered a total operating EBIT of DKK 105.0 million. The combined farming and VAP segment made an operational EBIT of DKK 101.3 million. The increased spot prices during Q1 have had a positive effect on the result for the farming segment, which had an operating EBIT of DKK 124.5 million. The VAP segment on the other hand had an operating loss of DKK -23.2 million due to contracts prices that do not reflect the current market situation. The EBITDA for the feed segment was DKK 24.8 million.

The Group made a profit for the quarter of DKK 67.5 million (DKK 16.4 million).

The total harvested volumes in Q1 2013 was 8,296 tonnes gutted weight (11,348 tgw). The reason for the decrease in the harvested volumes year on year is that the harvested profile is more backend loaded in 2013 compared to 2012.

Bakkafrost transferred 2.1 million smolts in Q1 2013 (2.6 million), which is in line with the company's plans.

The combined farming and VAP segment made an operational EBIT of DKK 101.3 million (DKK 60.3 million) in Q1 2013.

The farming segment made an operational EBIT of DKK 124.5 million (DKK 48.8 million). The improved result is due to increased sales prices in Q1 2013, compared to Q1 2012, as the harvested volumes are lower this year.

The VAP segment made an operational EBIT of DKK -23.2 million (11.5 million). The reason for the loss in Q1 2013 was the sharp increase in the salmon price during Q1 2013, while the contract prices were based on the price level and outlook in the autumn of 2012.

The third segment – fishmeal, oil and feed – made an operational EBITDA of DKK 24.8 million (DKK 11.1 million) in Q1 2013. The increase in the EBITDA is due to improved prices on fish feed and increase in production of own fishmeal and fish oil. For the sale of feed, Q1 is normally a low season quarter, as the sea temperature in the Faroes is at its lowest during the year. On the other hand the production of fishmeal and fish oil can be high due to the season for fishing different species.

Segment performance per harvested kg

Operational EBIT/kg harvested	Q1 2013	Q1 2012
Farming EBIT/kg (DKK)	15.01	4.30
Farming EBIT/kg (NOK)	14.95	4.38
VAP EBIT/kg (DKK)	-5.46	2.89
VAP EBIT/kg (NOK)	-5.44	2.95
Feed EBITDA/kg (DKK)	1.66	0.72
Feed EBITDA/kg (NOK)	1.66	0.74

The Bakkafrost Group had a net interest bearing debt at the end of Q1 2013 amounting to DKK 775.2 million (DKK 806.9 million at year-end 2012) and had undrawn credit facilities of DKK 652.8 million, of which DKK 15.0 million are restricted. Bakkafrost's equity ratio is 48% compared to 49% at the end of 2012.

On 14 February 2013 Bakkafrost issued unsecured bonds at a total nominal value of NOK 500,000,000, the disbursement date was 14 February 2013. The bonds were listed on the market on 3 May 2013. The interest rate is NIBOR 3 Months plus a margin of 4.15 %. The bonds are measured at fair value at initial recognition. The bonds mature five years from the issue date at their nominal value.

Smolt transfer

Bakkafrost Group 1,000 pieces	2008	2009	2010	2011	2012	2013E
Farming North, <i>salmon</i>	3,200	4,000	4,100	5,000	6,500	5,000
Farming West, <i>trout</i>	700	300	0	0	0	0
Farming West, <i>salmon</i>	1,400	2,100	4,100	2,600	4,200	5,000
Viking	0	1,700	1,800	1,000	0	0
Total	5,300	8,100	10,000	8,600	10,700	10,000

Financial Review

(Figures in parenthesis refer to the same period in 2012)

Income Statement

The operating revenues amounted to DKK 473.3 million in Q1 2013 (DKK 400.1 million). The increase is mainly due to higher spot prices in Q1 2013, compared to Q1 2012, although harvested volumes were lower than in Q1 2012.

Operational EBIT was DKK 105.0 million in Q1 2013 (DKK 60.0 million).

A fair value adjustment of the Group's biological assets has been recognised in Q1 2013 amounting to DKK - 4.7 million (DKK -7.4 million).

Bakkafrost has made provisions for onerous contracts of DKK 24.1 million in Q1 (DKK 0 million). Provisions are made as Bakkafrost has long term contracts to deliver value added salmon products at a fixed price in the future, while the raw material prices at the end of Q1 2013 were higher, thus the contracts are onerous.

Income from associated companies in Q1 2013 amounted to DKK 5.1 million (DKK -3.1 million). The net amount relates to a profit from Faroe Farming, in which Bakkafrost holds 49%, and a loss in Hanstholm Fiskemelnsfabrik, in which Bakkafrost has a shareholding of 39,9%.

Net interest in Q1 2013 amounted to DKK 1.4 million (DKK -7.6 million).

Net taxes amounted to DKK -15.2 million in Q1 2013 (DKK -6.7 million).

The result for Q1 2013 for the continuing operations was DKK 67.5 million (DKK 35.2 million). The result after tax for Q1 2013 for the discontinuing operations was DKK 0 million (DKK -18.8 million).

For Q1 2013 the result was DKK 67.5 million (DKK 16.4 million).

Harvested volume

Harvested volume (t _{gw})	Q1 2013	Q1 2012
Farming North	4,357	1,329
Farming West	3,939	10,019
Total harvested volume (t_{gw})	8,296	11,348
Faroe Farming (discontinuing operation)*	0	881
Total harvested volume (t_{gw})	8,296	12,229

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 in the spot market, while VAP products are sold on long-term contracts.

Distribution of	Q1	Q1
harvested volume (tgv)	2013	2012
Harvested volume used in VAP production	51%	33%
Harvested volume sold fresh/frozen	49%	67%
Harvested and purchased volume (tgv)	100%	100%

The allocation of raw material between VAP and whole gutted salmon was 51% processed as VAP products and 49% sold as whole gutted salmon in Q1 2013. A relative higher share of the harvested volume was used for VAP products in Q1 2013, compared to Q1 2012, as the total harvested volume was lower in Q1 2013 than in Q1 2012 and that the VAP production runs with relatively stable volumes. Another explanation for the increase is also that Bakkafrost opened a second VAP plant in Q1 2012, which was not at full operation during Q1 2012.

Farming:

The operating revenue for Bakkafrost's farming segment was DKK 425.0 million in Q1 2013 (DKK 312.5 million).

Operational EBIT, which is EBIT before fair value adjustments on biological assets, amounted to DKK 124.5 million in Q1 2013 (DKK 48.8 million).

Operational EBIT/kg for the farming segment was DKK 15.01 (NOK 14.95) in Q1 2013, compared to DKK 4.30 (NOK 4.38) in Q1 2012. The salmon prices in Q1 2013 have been stronger than in Q1 2012 and thus higher margins.

Value Added Products (VAP):

The operating revenue for the value added segment amounted to DKK 147.7 million in Q1 2013 (DKK 121.5 million in Q1 2012). This is an

increase in the revenue of 22%, while the volumes that went for VAP products only increased by 7%.

Operational EBIT amounted to DKK -23.2 million in Q1 2013 (DKK 11.5 million), corresponding to an operational EBIT of DKK -5.46 (NOK -5.44) per kg gutted weight in Q1 2013 (DKK 2.89 (NOK 2.95) per kg gutted weight). The decrease in the operational EBIT margins is due to higher salmon spot prices year on year. The reason is that 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 157.5 million (DKK 150.1 million) in Q1 2013 of which DKK 116.4 million represents sales to Bakkafrost's farming segment corresponding to 73.9% (69.3%).

Operational EBITDA was DKK 24.8 million (DKK 11.1 million) in Q1 2013, and the operational EBITDA margin was 15.8% (7.4%).

Sales of feed amounted to 14,906 tonnes in Q1 2013, of which the farming segment internally used 10,991 tonnes.

Statement of Financial Position

(Figures in parenthesis refer to end 2012)

The Group's total assets as of end Q1 2013 amounted to DKK 2,717.3 million, compared to DKK 2,570.9 million at the end of 2012.

The Group's intangible assets amounted to DKK 293.7 million at the end of Q1 2013 (DKK 293.7 million) and comprise primarily 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 814.2 million at the end of Q1 2013, compared to DKK 812.8 million at the end of 2012. In Q1 2013 Bakkafrost made investments in PP&E amounting to DKK 22.3 million.

Non-current financial assets amounted to DKK 102.5 million at the end of Q1 2013, compared to DKK 91.2 million at the end of 2012. The increase in the financial assets relates to the positive result in Faroe Farming and a financial investment of DKK 6.3 million.

The Group's carrying amount (fair value) of biological assets amounted to DKK 769.8 million at the end of Q1 2013, compared to DKK 747.0 million at the end of 2012. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 176.4 million, compared to DKK 181.1 million at the end of 2012.

The Group's total inventories amounted to DKK 315.7 million as of end Q1 2013, compared to DKK 242.9 million at year-end 2012. 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. Typically Havsbrún, the fishmeal, -oil and feed department, builds up inventory during the low season period for feed sale, to have sufficient raw material when the high season period starts in the summer when the sea temperatures increases.

The Group's total receivables amounted to DKK 294.9 million as of end Q1 2013, compared to DKK 358.4 million at the end of 2012. The decrease is primarily due to reduction in receivables from an associated company. On the other hand, accounts receivables have increased slightly.

The Group's equity as at 31st March 2013 is DKK 1,313.6 million, compared to DKK 1,262.9 million at the end of 2012. The change in equity in Q1 2013 primarily consists of the profit for the period and a negative fair value adjustment to a currency-/interest rate swap related to the bond financing. The AGM held the 18 of April 2013, decided to pay out dividend of DKK 2 pr. share to the company shareholders, in total amounting to DKK 97.7 million. The amount was paid out in Q2 2013 and is not affecting the equity in Q1 2013.

The Group's total non-current liabilities amounted to DKK 1,072.7 million at the end of Q1 2013, compared to DKK 990.4 million at the end of 2012. Deferred and other taxes amounted to DKK 273.6 million, compared to DKK 258.4 million at the end of 2012. Long-term debt was DKK 799.1 million at the end of Q1 2013, compared to DKK 731.9 million at the end of 2012.

Bakkafrost's interests bearing debt consists of two bank loans and a bond loan. The bank loans are one instalment loan of DKK 375 million, payable with DKK 25 million each quarter, and one loan payable after five years with the full amount of DKK 553 million. The bond loan of NOK 500 million, was issued at 14 February 2013 and is payable in full after five years at 14 February 2018. The interest rates of the bonds are NIBOR 3m + 4.15%. Following the issuance of the bonds, Bakkafrost has entered into a currency/interest rate swap, hedging the exchange rate and 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 2013, the Group's total current liabilities are DKK 331.0 million, compared to DKK 317.6 million at the end of 2012. 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 231.0 million, compared to DKK 217.6 million at the beginning of the year.

Bakkafrost equity ratio is 48%, compared to 49% at the end of 2012.

Cash Flow

The cash flow from operations in Q1 2013 was DKK 26.7 million (DKK 33.2 million). The Cash flow from operations was aggravated by primarily increased inventory amounting to DKK 100.3 million.

The cash flow from investment activities in Q1 2013 amounted to DKK -28.6 million (DKK -17.0 million). The amount relates to investments in fixed assets amounting to DKK 22.3 million and a financial investment amounting to DKK 6.3 million.

Cash flow from financing activities totalled DKK 100.8 million in Q1 2013 (DKK 6.1 million). The

short-term debt was increased by DKK 50.4 million, and changes in financing of associated companies contributed positively with DKK 49.1 million.

Net change in cash flow in Q1 2013 amounted to DKK 98.9 million (DKK 17.7 million).

At the end of Q1 2013 Bakkafrost had unused credit facilities of DKK 652.8 million of which DKK 15.0 million is restricted.

Outlook

MARKET

The export of salmon decreased from all countries in Europe in the first quarter 2013, compared with last year. Only Chile increased their export. Global export thus increased around 20 thousand tonnes from 402 to 423 thousand tonnes. Despite this global increase in supply – there was a significant salmon price increase in this quarter.

The market outlook for 2013 is good from a supply point of view. The high demand for salmon continues from various continents and the supply is limited. We expect a global supply increase of 2-3% in 2013, compared with 2012. The increase is mainly in Chile, while the supply in Europe will probably be unchanged or might even experience a slight reduction. Based on historical figures this balance should be positive for the salmon producers.

Bakkafrost expects to sell around 60-70% of the harvested volume of salmon on the spot market in 2013. 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, Europe, US, Russia and the Far East. Bakkafrost's strategy of selling 40% to 50% of the harvested volume on contracts reduces the fluctuations in the selling prices. The sales of value added products are based on fixed contracts normally lasting between 6 to 12 months, while the whole gutted salmon is sold in the spot market.

The market for contracted VAP products follows a more stable pattern with trends instead of short-term fluctuations. Bakkafrost has committed contracts representing around 70% of the VAP capacity for the rest of 2013, representing approximately 35% of the expected harvest for the rest of 2013. As the salmon prices have increased significantly in a short time period, the earnings in the VAP segment are negative in Q1 2013 and most likely will be negative in the short term, compared to sales in the spot market. The time lag between the fluctuations in the spot market and the fixed contracts for VAP products are causing these patterns.

FARMING

Bakkafrost expects to harvest around 45,000 tonnes gutted weight in 2013, which is on the same level as in 2012.

Faroe Farming, which Bakkafrost holds 49% in, expects to harvest 4,000 tonnes in 2013.

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 2013 is unchanged at 10 million smolts, which is slightly less than in 2012, due to available sites for smolt release in 2013.

The estimates for harvesting volumes and smolt releases, is as always dependent on the biological situation in the Faroe Islands. The overall biological situation in the Faroe Islands is good, compared to recent years. Due to higher biomass than a few years ago, the number of sea lice has increased. Therefore, Bakkafrost and the other

farmers in the Faroe Islands have made a coordinated treatment against sea lice in 2013.

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 for fish feed in the Faroe Islands will be approximately 90,000 tons in 2013. Depending on the purchase from external costumers in the Faroe Islands and abroad the sale of fish feed will be in the range of 80-90,000, compared to previously estimated 90,000 tons.

Havsbrún intends to increase the production of own fishmeal and fish oil in 2013, compared to 2012. With increasing quotas for Blue whiting in the North Atlantic and test fishing for local Norway Pout, the access to raw material should improve. 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

Risks

Bakkafrost has not identified any additional risk exposure beyond the risks described in the 2012 Annual and Consolidated Report and Accounts. The 2012 Annual and Consolidated Report and Accounts is available on request from Bakkafrost and on Bakkafrost's website, www.bakkafrost.com.

Bakkafrost is, as explained in the 2012 Annual and Consolidated Report and Accounts, exposed to the

Post-Balance Sheet Events

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

The 19th of April 2013, Bakkafrost announced that it has reached agreement on the acquisition of 27.07 per cent of the shares in Marine Harvest Faroes for a total price of DKK 54.0 million. The agreement is subject to approval by the board of director's in Marine Harvest Faroes and approval from existing shareholders, as they have pre-emption's right to acquire the shares. Following Bakkafrost's announcement of the acquisition,

and meal is purchasing from other producers, which has been common in recent years.

Investments

Bakkafrost still expects to invest for up to DKK 170 million in 2013, which is some DKK 80 million above the yearly maintenance investments. Investments will be made in all parts of the value chain to increase capacity and make the production more efficient.

Financial

Improved market balances on 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.

salmon price. We expect that the market balance will be in favour of the suppliers, resulting in salmon spot prices higher in 2013, compared to 2012.

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

Marine Harvest has announced that they have used the pre-emption's right. This is, however, in breach with the Faroese law concerning foreign ownership in fish farming companies according to the Ministry of Trade and Industry.

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 22nd 2013

The Board of Directors of P/F Bakkafrost

Consolidated Income Statement

For the period ended 31st March 2013

DKK 1,000	Q1 2013	Q1 2012
Operating revenue	473,301	400,065
Purchase of goods	-284,532	-140,182
Change in inventory and biological assets (at cost)	113,478	-30,392
Salary and personnel expenses	-54,390	-50,777
Other operating expenses	-121,952	-98,966
Depreciation	-20,874	-19,747
Operational EBIT	105,031	60,001
Fair value adjustments on biological assets	-4,655	-7,385
Onerous contracts	-24,117	0
Income from associates	5,086	-3,098
Earnings before interest and taxes (EBIT)	81,345	49,518
Financial income	1,044	66
Net interest expenses	-6,011	-5,648
Net currency effects	7,369	-1,607
Other financial expenses	-1,028	-432
Earnings before taxes (EBT)	82,719	41,897
Taxes	-15,245	-6,708
Profit or loss for the period continuing operations	67,474	35,189
Discontinued operations		
Profit or loss from discontinued operations, after tax	0	-18,762
Profit or loss for the period	67,474	16,427
Profit or loss for the year attributable to		
Non-controlling interests	0	0
Owners of P/F Bakkafrost	67,474	16,427
Earnings per share (DKK), continuing operations	1.38	0.72
Earnings per share (DKK), discontinuing operations	0.00	-0.38

Consolidated Statement of Comprehensive Income

For the period ended 31st March 2013

DKK 1,000	Q1 2013	Q1 2012
Profit for the period	67,474	16,427
Fair value adjustment on financial derivatives	-16,805	120
Fair value adjustment on purchased non-controlling interests	0	1,634
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-16,805	1,754
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	0	0
Other comprehensive income	-16,805	1,754
Total other comprehensive income for the period	50,669	18,181
Comprehensive income for the period attributable to		
Non- controlling interests	0	0
Owners of P/F Bakkafrost	50,669	18,181

Consolidated Statement of Financial Position

As of 31st March 2013

DKK 1,000	Notes	Q1 2013	End 2012
ASSETS			
Non-current assets			
Intangible assets		293,675	293,675
Property, plant and equipment		814,155	812,768
Financial assets		102,561	91,212
Long term receivables		2,578	0
Total non-current assets		1,212,969	1,197,655
Current assets			
Biological assets (biomass)	4	769,805	746,958
Inventory		315,688	242,898
Total inventory		1,085,493	989,856
Accounts receivable		213,861	212,357
Other receivables		81,010	145,998
Total receivables		294,871	358,355
Cash and cash equivalents		123,951	25,045
Total current assets		1,504,315	1,373,256
TOTAL ASSETS		2,717,284	2,570,911

Consolidated Statement of Financial Position

As of 31st March 2013

DKK 1,000	Q1 2013	End 2012
EQUITY AND LIABILITIES		
Equity		
Share capital	48,858	48,858
Other equity	1,264,722	1,214,054
Total equity	1,313,580	1,262,912
Non-current liabilities		
Deferred taxes and other taxes	273,598	258,441
Long-term interest bearing debt	799,108	731,948
Total non-current liabilities	1,072,706	990,389
Current liabilities		
Short-term interest bearing debt	100,000	100,000
Accounts payable and other debt	230,998	217,610
Total current liabilities	330,998	317,610
Total liabilities	1,403,704	1,307,999
TOTAL EQUITY AND LIABILITIES	2,717,284	2,570,911

Consolidated Cash Flow Statement

For the period ended 31st March 2013

DKK 1,000	Q1 2013	Q1 2012
Earnings before interest and taxes (EBIT)	81,345	49,518
Adjustments for write-downs and depreciation	20,874	19,747
Adjustments for value adjustments on biomass	4,655	7,385
Adjustments for income from associates	-5,086	3,098
Provision for onerous contracts	24,117	0
Change in inventory	-100,292	38,874
Change in receivables	-12,307	-55,918
Change in current debts	13,383	-29,525
Cash flow from operations	26,689	33,179
Cash flow from investments		
Payments made for purchase of fixed assets	-22,261	-17,011
Purchase of shares and other investments	-6,347	-3
Cash flow from investments	-28,608	-17,014
Cash flow from financing		
Change of interest bearing debt (short and long)	50,355	-35,057
Financial income	8,413	111
Financial expences	-7,039	-7,788
Financing of associate	49,096	0
Dividend paid	0	48,858
Cash flow from financing	100,825	6,124
Cash flow from discontinuing operations		
Net cash from operating activities	0	-3,942
Net cash used for investing activities	0	-503
Net cash used for financing activities	0	-166
Net cash from discontinuing operations	0	-4,611
Net change in cash and cash equivalents in period	98,906	17,678
Cash and cash equivalents – opening balance	25,045	16,868
Cash and cash equivalents – closing balance total	123,951	34,546

Consolidated Statement of Changes in Equity

As of 31st March 2013

DKK 1,000	Q1 2013	End 2012
Total equity 01.01	1,262,911	1,061,010
Profit for the period to equity	67,474	281,337
Adjustment to 01.01	0	-577
Fair value adjustment on financial derivatives	-16,805	0
Fair value adjustment on purchased non-controlling interests	0	1,634
Total other comprehensive income	-16,805	1,634
Proposed dividend	-97,716	-97,716
Total proposed dividend	-97,716	-97,716
Total recognised income and expense to equity	-47,047	184,678
Equity transactions between the Company and its shareholders		
Acquisition of minorities	0	-31,634
Equity decrease by acquisition of minorities	0	-31,634
Distribution of dividend	0	-48,858
Proposed dividend	97,716	97,716
Dividend distribution	97,716	48,858
Total change in equity during the period	50,669	201,902
Total equity at the end of the period	1,313,580	1,262,911

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 2012 are available upon request from the Company's regis-

tered office at Bakkavegur 9, FO-625 Glyvrrar, 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 2012.

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 2012.

Bakkafrost issued bonds in Q1 2013, the bonds are measured at fair value.

In Q1 2013, the Bakkafrost Group entered into an agreement on using interest rate swap contracts and forward currency settlement contracts as hedges of its exposure to foreign currency risk in interest expenses and instalment payments in foreign currencies. The hedges are considered to be cash flow hedges.

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve.

Amounts recognised as other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss and when financial liabilities are settled, such as when the hedged financial income or financial expense is recognised.

If the forecast transactions or commitments are no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until firm commitment affects profit or loss, or settlement payments are made.

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 on-going 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 2012.

For risk exposure reference is made to the Management Statement in the Annual Report for 2012, 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 nine months. Since the issuance of the Annual Report for 2012, the markets have been strong and may lead to reduced demand.

The overall risk management is unchanged.

Note 4. Biomass

DKK 1,000	Q1 2013	End 2012
Biological assets carrying amount 01.01	746,958	700,336
Increase due to production or purchases	206,696	847,756
Reduction due to harvesting or sale (costs of goods sold)	-176,652	-767,828
Fair value adjustment at the beginning of the period reversed	-181,050	-86,037
Fair value adjustments at the end of the period	176,395	181,050
Biological assets sold	0	-130,752
Reversal of elimination at the beginning of the period	23,889	26,322
Eliminations	-26,431	-23,889
Biological assets carrying amount at the end of the period	769,805	746,958
Cost price biological assets	601,473	576,611
Capitalised interest	18,368	13,186
Fair value adjustments at the end of the period	176,395	181,050
Eliminations	-26,431	-23,889
Biological assets carrying amount	769,805	746,958

Note 5. Segments

Farming segment DKK1,000	Q1 2013	Q1 2012
External revenue	284,529	232,548
Internal revenue	140,445	79,920
Total revenue	424,974	312,468
Operating expenses	-287,195	-251,412
Depreciation and amortisation	-13,268	-12,295
Operational EBIT	124,511	48,761
Fair value adjustments on biological assets	-4,655	-7,385
Income from associates	-2,773	0
Earnings before interest and taxes (EBIT)	117,083	41,376
Net interest	253	-8,498
Earnings before taxes (EBT)	117,336	32,878
Taxes	-18,774	-4,117
Profit for the period (continuing operations)	98,562	28,761
Profit or loss from discontinued operations, after tax	0	-18,763
Profit or loss for the period	98,562	9,998

Value added products DKK1,000	Q1 2013	Q1 2012
External revenue	147,735	121,497
Internal purchase of raw material	-140,445	-79,920
Operating expenses	-28,954	-28,587
Depreciation and amortisation	-1,564	-1,494
Operational EBIT	-23,228	11,496
Provision for onerous contracts	-24,117	0
Earnings before interest and taxes (EBIT)	-47,345	11,496
Net interest	354	315
Earnings before taxes (EBT)	-46,991	11,811
Taxes	8,459	-2,126
Result for the period, continuing operations	-38,532	9,685

Fishmeal, Fish Oil and Fish Feed	Q1	Q1
DKK1,000	2013	2012
External revenue	41,037	46,020
Internal revenue	116,433	104,098
Total revenue	157,470	150,118
Purchase of goods	-102,541	-114,944
Operating expenses	-30,126	-24,096
Depreciation and amortisation	-6,042	-5,958
Operational EBIT	18,761	5,120
Income from associates	7,859	-3,098
Earnings before interest and taxes (EBIT)	26,620	2,022
Net interest	767	562
Earnings before taxes (EBT)	27,387	2,584
Taxes	-4,930	-465
Profit for the period	22,457	2,119

Reconciliation of reportable segments to Group	Q1	Q1
earnings before taxes (EBT)	2013	2012
DKK1,000	2013	2012
Farming	117,336	32,878
Value added products	-46,991	11,811
Fishmeal, Fish Oil and Fish Feed	27,387	2,584
Eliminations	-15,013	-5,376
Group earnings before taxes (EBT)	82,719	41,897

Assets and liabilities per segment	Q1	End
DKK1,000	2013	2012
Farming	2,682,461	2,669,228
Value added products	88,691	64,766
Fishmeal, Fish Oil and Fish Feed	695,406	637,004
Eliminations	-749,274	-800,087
Total assets	2,717,284	2,570,911
Farming	2,127,629	2,114,214
Value added products	13,002	11,329
Fishmeal, Fish Oil and Fish Feed	112,753	118,389
Eliminations	-849,681	-935,933
Total liabilities	1,403,704	1,307,999

Note 6. Harvest and Feed Sale

Distribution of harvested volume (tgv)	Q1 2013	Q1 2012
Harvested volume used in VAP production	4,252	3,975
Harvested volume sold fresh/frozen	4,044	8,254
Harvested and purchased volume (tgv)	8,296	12,229

Harvested volume (tgv)	Q1 2013	Q1 2012
Farming North	4,357	1,329
Farming West	3,939	10,019
Total harvested volume (tgv)	8,296	11,348
Faroe Farming (discontinuing operation)	0	881
Total harvested volume (tgv)	8,296	12,229

Distribution of harvested volume (tgv)	Q1 2013	Q1 2012
Harvested volume used in VAP production	51%	33%
Harvested volume sold fresh/frozen	49%	67%
Harvested and purchased volume (tgv)	100%	100%

Feed sold volume (tonnes)	Q1 2013	Q1 2012
Internal sale	10,991	11,827
External sale	3,915	3,472
Sold tonnes feed	14,906	15,299

Note 7. Discontinuing operation

Sale of controlling interest (51%) in Faroe Farming in March 2012

In March 2012, Bakkafrost purchased 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 Sp/F Hjallur.

The transaction was, among other things, subject to authority approval. After receiving the necessary approval, the transaction was finalised. Therefore, Bakkafrost now complies with the legal requirements stipulating a maximum control of 50% of the licenses in the Faroe Islands. Following the requirements in IFRS 10, Faroe Farming is de-recognised from the consolidation at the transaction date and recognised as an associated company according to IAS 28.

Income Statement	YTD
DKK 1,000	2012
Operating revenue	36,168
Expenses	-35,659
Operational EBIT	509
Fair value adjustments on biological assets	17,033
Earnings before interest and taxes (EBIT)	17,542
Net Financial items	-937
Earnings before interest and taxes (EBIT)	16,605
Tax related to current profit/loss	-77
Tax related to fair value	-3,066
Profit or loss for the period discontinuing operations	13,462

Note 8. Business combinations

In December 2012, Bakkafrost decided to acquire the sales company Faroe Seafood UK Limited. Faroe Seafood UK Limited is a trading company in Grimsby, UK, selling primarily salmon but also other species of fish into the UK market. The gross turnover for 2012 was around GBP 4.6 million and a profit before tax of GBP 118 thousand. The company employs a total of 4 people, whereof 3 are in the sales department. Faroe Seafood UK Limited has been trading salmon from Bakkafrost prior to the acquisition. The acquisition will give Bakkafrost the benefit of a direct route to the UK

market for Bakkafrost's products. The acquisition date was set to 01.01.2013. 100% of the shares were acquired.

The total assets (and the fair value) in Faroe Seafood UK Limited amounted to DKK 4.7 million on 31 December 2012, liabilities amounted to DKK 0, and the equity amounted to DKK 4.7 million. The goodwill on the acquisition date is DKK 1.0 million.

In Q1 2013 Faroe Seafood UK Limited is consolidated into the Bakkafrost Group.

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 14.0 million.

Note 10. Transactions with related parties

Note 24 in Bakkafrost's Annual Report for 2012 provide detailed information on related parties' transactions.

Faroe Farming purchased for DKK 2.6 million from Bakkafrost in Q1 2013, and Bakkafrost purchased raw material amounting to DKK 79.0 million from Faroe Farming. At the end of Q1 2013, Faroe Farming owed DKK 68.5 million to the Bakkafrost Group.

Hanstholm Fiskemelsfabrik A/S is a supplier in the feed segment. During Q1 2013, Hanstholm Fiskemelsfabrik A/S sold fishmeal and fish oil amounting to DKK 0 million to the Bakkafrost Group. At the end of Q1 2013, Bakkafrost owed Hanstholm Fiskemelsfabrik A/S DKK 0.7 million.

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

Note 11. 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 2013, 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 Mars 2013, the Group held the following classes of assets/liabilities measured at fair value:

Assets and Liabilities measured at fair value	Q1	Level 1	Level 2	Level 3
	2013			
Assets measured at fair value				
Intangible assets	293,675	0	0	293,675
Financial assets	815	815	0	0
Biological assets (biomass)	769,805	0	769,805	0
Liabilities measured at fair value				
Long-term interest bearing debts	498,700	498,700	0	0

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