

P/F Bakkafrost

Condensed Consolidated Interim Report for Q4 2014 and 12 Months 2014

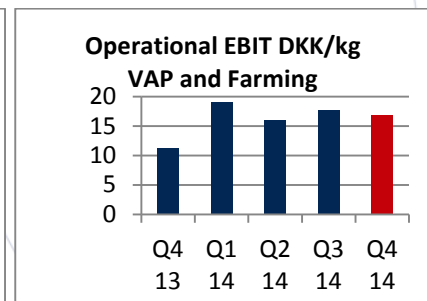
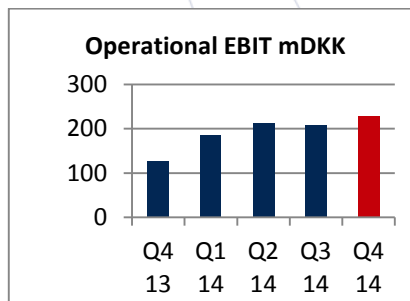
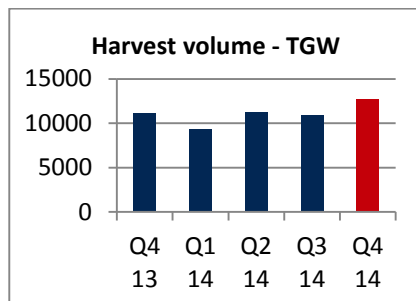


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Highlights

DKK 1,000	Q4 2014	Q4 2013	YTD 2014	YTD 2013
INCOME STATEMENT, SEGMENTS AND CASH FLOW				
Group - Operating revenue	757,293	666,644	2,683,319	2,491,081
Group - Operational EBIT*	227,458	125,871	833,775	587,010
Group - Profit for the period	222,441	137,866	647,105	589,218
Operational EBIT (Farming and VAP)(DKK)	213,792	124,904	763,883	551,882
Operational EBIT*/kg (Farming and VAP)(DKK)	16.90	11.26	17.36	13.37
Operational EBIT*/kg (Farming and VAP) (NOK)	19.48	12.44	19.43	13.98
Farming - Operating revenue	630,362	525,914	2,099,473	1,991,552
Farming - Operational EBIT*	181,393	130,798	693,970	642,355
Farming - Operational EBIT margin	29%	25%	33%	32%
Farming - Operational EBIT/kg (DKK)	14.34	11.79	15.77	15.57
Farming - Operational EBIT/kg (NOK)	16.53	13.02	17.65	16.27
VAP - Operating revenue	259,023	202,594	913,404	666,172
VAP - Operational EBIT*	32,399	-5,894	69,913	-90,473
VAP - Operational EBIT margin	13%	-3%	8%	-14%
VAP - Operational EBIT/kg (DKK)	6.39	-1.17	3.30	-4.93
VAP - Operational EBIT/kg (NOK)	7.36	-1.29	3.69	-5.16
FOF - Operating revenue	225,192	252,498	970,730	1,083,009
FOF - EBITDA	40,775	21,340	181,550	125,754
FOF - EBITDA margin	18.11%	8.45%	18.70%	11.61%
Cash flow from operations	173,383	187,132	869,931	517,533
DKK/NOK (average)	86.74	90.51	89.31	95.69
FINANCIAL POSITION				
Total Assets**	3,462,933	3,112,226	3,462,933	3,112,226
Equity**	2,063,653	1,665,277	2,063,653	1,665,277
Equity ratio**	60%	54%	60%	54%
Net interest bearing debt (incl fin. derivatives)**	232,711	638,563	232,711	638,563
PROFITABILITY				
Basic earnings per share (DKK)	4.55	2.82	13.34	12.07
Diluted earnings per share (DKK)	4.59	2.82	13.34	12.07
ROE***	11.2%	8.5%	32.7%	36.5%
ROCE (for the last quarter)****	9.0%	5.3%	33.1%	24.5%
ROCE (for the last 4 quarters)	33.8%	27.8%	33.8%	27.8%
ROIC (for the last quarter)*****	13.3%	8.2%	43.5%	33.9%
ROIC (for the last 4 quarters)	41.8%	37.6%	43.0%	37.3%
VOLUMES				
Harvested volume (tonnes gutted weight)	12,651	11,097	44,013	41,268
VAP produced volume (tonnes gutted weight)	5,074	5,033	21,196	18,333
Sold feed tonnes	23,133	20,270	85,724	85,333

* Aligned for fair value adjustment of biomass, onerous contracts provisions and income from associates

** Comparing figures from end 2013

*** 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 4th quarter 2014 and 12 months 2014

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

The Bakkafrost Group delivered a total operating EBIT of DKK 227.5 million in Q4 2014. The combined farming and VAP segment made an operational EBIT of DKK 213.8 million in Q4 2014. The Farming segment made an operational EBIT of DKK 181.4 million. The global salmon spot prices increased during the quarter. Bakkafrost's VAP contract prices remained high, and the VAP segment made an operational EBIT of DKK 32.4 million in Q4 2014. The EBITDA for the FOF segment was DKK 40.8 million in Q4 2014. For 2014, Bakkafrost made an operational EBIT of DKK 833.8 million.

The Group made a profit for the quarter of DKK 222.4 million (DKK 137.9 million). For 2014, the profit was DKK 647.1 million (DKK 589.2 million).

The total volumes harvested in Q4 2014 were 12,651 tonnes gutted weight (11,097 t_{gw}). The total harvested volumes for 2014 were 44,013 tonnes gutted weight (41,268 t_{gw}).

Bakkafrost transferred 3.2 million smolts in Q4 2014 (2.8 million), which is in line with the company's plans. In 2014, 10.4 million smolts have been transferred (9.5 million). In Q3 2014, Bakkafrost adjusted its forecast for the smolt release in 2014 to 10.7 million. The reason is that some smolts, planned to be released in December 2014, would be released early 2015.

In accordance with the Group's dividend policy, Bakkafrost aims at giving its shareholders a competitive return on their investment, both through payment of dividends and by securing an increase in the value of the equity through positive operations. Bakkafrost's financial position is strong with a healthy balance sheet, a competitive operation and undrawn available credit facilities. The Board of Directors has therefore decided to propose to the Annual General Meeting that DKK 6.00 (NOK 6.90*) per share shall be paid out as dividend. This corresponds to approximately DKK 293.1 million (NOK 337.0* million). The long-term goal of the Board of Directors is that 30–50% of earnings per share shall be paid out as dividend. The proposed dividend corresponds to 49% of adjusted earnings for 2014 and is at the top end of the range.

In Q4 2014, the associated company P/F Faroe Farming harvested 1,969 tonnes gutted weight (1,889 t_{gw}). For 2014, Faroe Farming harvested 4,957 tonnes gutted weight (6,053 t_{gw}).

The combined farming and VAP segment made an operational EBIT of DKK 213.8 million (DKK 124.9 million) in Q4 2014. In 2014, the combined farming and VAP segment made an operational EBIT of DKK 763.9 million (DKK 551.9 million).

The farming segment made an operational EBIT of DKK 181.4 million (DKK 130.8 million) in Q4 2014. The spot prices were strong in Q4 2014 and in Q4 2013. The main reason for a stronger result in Q4 2014 is that Q4 2013 was affected by the early harvest of the first site with suspicion of *Neoparamoeba perurans*. In 2014, the operational EBIT was DKK 694.0 million (DKK 642.4 million).

The VAP segment made an operational EBIT of DKK 32.4 million (DKK -5.9 million) for Q4 2014. In 2014, the operational EBIT was DKK 69.9 million (DKK -90.5 million). There is normally a time lag between the changes in the spot prices and the changes in the contract prices. The contract prices have increased significantly from the level in 2013, due to the high salmon spot prices. Therefore, the VAP result for both Q4 2014 and for 2014 has improved, compared with last year.

The third segment – FOF (fishmeal, oil and feed), made an operational EBITDA of DKK 40.8 million (DKK 21.3 million) in Q4 2014. The operational EBITDA for 2014 amounted to DKK 181.6 million (DKK 125.8 million). The increase in the EBITDA is primarily due to higher production of fishmeal and fish oil.

In Q4 2014, Havsbrún sourced 21,918 tonnes of raw material (18,432 tonnes) and in 2014, Havsbrún sourced 193,231 tonnes of raw material (160,581 tonnes).

Bakkafrost established a share saving plan for its employees for 2014. Employees could purchase shares for maximum 5 percent of the monthly basic salary. After two full years of ownership and continuous employment, the company will allocate one bonus share, for every share bought in connection with this offer for 2014. A similar share saving plan for its employees for 2015 has been implemented.

*The dividend per share in NOK is subject to changes depending on the exchange rate between DKK and NOK when the dividend is paid out.

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 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 Bakkafrost Group had a net interest bearing debt at the end of Q4 2014 amounting to DKK 232.7 million (DKK 638.6 million at year-end 2013) including deposits and losses on financial derivatives relating to the interest bearing debt. Bakkafrost had undrawn credit facilities of approximately DKK 958.1 million, of which DKK 15.0 million were restricted at the end of Q4 2014.

Bakkafrost's equity ratio is 60%, compared to 54% at the end of 2013.

Segment performance per kg

	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Operational EBIT/kg harvested				
Farming EBIT/kg (DKK)	14.34	11.79	15.77	15.57
Farming EBIT/kg (NOK)	16.53	13.02	17.65	16.27
VAP EBIT/kg (DKK)	6.39	-1.17	3.30	-4.93
VAP EBIT/kg (NOK)	7.36	-1.29	3.69	-5.16
FOF EBITDA/kg (DKK)	1.76	1.05	2.12	1.47
FOF EBITDA/kg (NOK)	2.03	1.16	2.37	1.54

Smolt transfer

Bakkafrost Group					
1,000 pieces	2010	2011	2012	2013	2014
Farming North, <i>salmon</i>	4,100	5,000	6,500	7,200	3,000
Farming West, <i>salmon</i>	4,100	2,600	4,200	2,300	7,400
Viking	1,800	1,000	0	0	0
Total	10,000	8,600	10,700	9,500	10,400

Financial Review

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

Income Statement

The operating revenues amounted to DKK 757.3 million in Q4 2014 (DKK 666.6 million). The increase is due to improved salmon prices on both the spot and the contract market. For 2014, the operating revenues amounted to DKK 2,683.3 million (DKK 2,491.1 million).

Operational EBIT in Q4 2014 was DKK 227.5 million (DKK 125.9 million). Improved margins in all segments in Q4 2014 compared to Q4 2013 resulted in an improved overall operational EBIT margin. All segments had a positive contribution in Q4 2014, while the VAP segment had a negative margin in Q4 2013. For 2014, the operational EBIT was DKK 833.8 million (DKK 587.0 million).

A fair value adjustment of the Group's biological assets has been recognised in Q4 2014 amounting to DKK 51.6 million (DKK 94.2 million). The adjustment is mainly due to higher salmon spot prices at the end of Q4 2014, compared to the beginning of the quarter. For 2014, the fair value adjustment is DKK -11.5 million (DKK 115.4 million).

In Q4 2014, no changes were made to the provisions of onerous contracts, as no contracts were onerous at the beginning and at the end of the quarter. For 2014, Bakkafrost has made reversion of previous made provisions for onerous contracts

of DKK 70.9 million (DKK -24.8 million). The reversion is mainly due to lower salmon spot prices at year-end 2014, compared to year-end 2013, and higher contract prices in VAP. At year-end 2013, the NOS salmon price was NOK 53.08, compared to NOK 43.57 at the end of Q4 2014.

In Q4 2014, there was a loss from associated companies amounting to DKK -4.0 million (DKK 11.2 million). For 2014, the result from associates was DKK -0.8 million (DKK 23.8 million).

Net interests in Q4 2014 were DKK 38.9 million (DKK 7.2 million). A positive unrealised exchange rate adjustment of DKK 46.8 million related mainly to the bond loan of NOK 500 million is posted in Q4 2014. For 2014, net interests were DKK 6.9 million (DKK 26.0 million).

Net taxes in Q4 2014 amounted to DKK -91.7 million (DKK -36.1 million). For 2014, net taxes amounted to DKK -252.1 million (DKK -138.1 million).

The result for Q4 2014 was DKK 222.4 million (DKK 137.9 million). The result for 2014 was DKK 647.1 million (DKK 589.2 million).

Harvested volumes

	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Harvested volumes (tgv)				
Farming North	7,628	8,105	25,671	29,203
Farming West	5,023	2,992	18,342	12,065
Total harvested volumes (tgv)	12,651	11,097	44,013	41,268

Segments

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

fish oil, and fish feed production). The fresh/frozen salmons is sold in the spot market, while VAP products are sold on long-term contracts.

Distribution of harvested volumes (t _{gw})	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Harvested volume used in VAP production	37%	45%	45%	44%
Harvested volume sold fresh/frozen	63%	55%	55%	56%
Harvested volumes (t_{gw})	100%	100%	100%	100%

Of the total harvested volumes in Q4 2014, 37% (45%) went for the production of VAP products, and 63% (55%) were sold as whole gutted salmon. For 2014, 45% (44%) went for the production of VAP products, and 55% (56%) were sold as whole gutted salmon.

Farming:

In Q4 2014, the operating revenue for Bakkafrost's farming segment was DKK 630.4 million (DKK 525.9 million) and for 2014, it was DKK 2,099.5 million (DKK 1,991.6 million).

Operational EBIT, which is EBIT before fair value adjustments on biological assets, provisions for onerous contracts and income from associates, amounted to DKK 181.4 million in Q4 2014 (DKK 130.8 million), and for 2014, it was DKK 694.0 million (DKK 642.4 million).

Operational EBIT/kg for the farming segment was DKK 14.34 (NOK 16.53) in Q4 2014, compared to DKK 11.79 (NOK 13.02) in Q4 2013. Q4 2013 was affected by the early harvest on the first site with suspicion of *Neoparamoeba perurans* and had a negative effect on the margin in Q4 2013. Operational EBIT/kg for 2014 was DKK 15.77 (NOK 17.65), compared to DKK 15.57 (NOK 16.27) for 2013.

Value Added Products (VAP):

The operating revenue for the value added products segment amounted to DKK 259.0 million (DKK 202.6 million) in Q4 2014. For 2014, the revenue was DKK 913.4 million (DKK 666.2 million). The increase in the revenue from Q4 2013 to Q4 2014 is 28%, while the volumes used for VAP were almost the same in Q4 2014 as in Q4 2013. Apart from better contract prices in 2014 than in 2013, the reason for the increased revenue is that the build-up of inventory of finished products in Q3 2014 was sold in Q4 2014.

Operational EBIT amounted to DKK 32.4 million (DKK -5.9 million) in Q4 2014, corresponding to an operational EBIT of DKK 6.39 (NOK 7.36) per kg gutted weight in Q4 2014, compared to DKK -1.17 (NOK -1.29) per kg gutted weight in Q4 2013. The increase in the operational EBIT margins is due to higher contract prices. The VAP segment purchases its raw material (fresh salmon) at spot prices each week. For 2014, operational EBIT amounted to DKK 69.9 million (DKK -90.5 million), corresponding to an operational EBIT of DKK 3.30 (NOK 3.69) per kg gutted weight in 2014, compared to DKK -4.93 (NOK -5.16) per kg gutted weight in 2013.

FOF (Fishmeal, Fish Oil and Fish Feed):

The operating revenue for the FOF segment amounted to DKK 225.2 million (DKK 252.5 million) in Q4 2014, of which DKK 173.1 million (DKK 150.7 million) represents sales to Bakkafrost's farming segment, corresponding to 76.9% (59.7%). For 2014, the revenue was DKK 970.7 million (DKK 1,083.0 million), of which DKK 613.3 million (DKK 631.3 million) represents sales to Bakkafrost's farming segment, corresponding to 63.2% (58.3%).

Operational EBITDA was DKK 40.8 million (DKK 21.3 million) in Q4 2014, and the operational EBITDA margin was 18.11% (8.45%). The margin reflects the favourable development in raw material prices. Havsbrún sources raw pelagic fish for the fishmeal and fish oil production, which are part of the recipe for the production of salmon feed. In Q2, the raw fish was purchased, while the production and sale of the salmon feed took place in Q3 and continued in Q4. For 2014, the EBITDA was DKK 181.6 million (DKK 125.8 million), and the margin was 18.70% (11.61%).

Sales of feed amounted to 23,133 tonnes (20,270 tonnes) in Q4 2014, of which the farming segment internally used 19,218 tonnes (14,736 tonnes). For

2014, the feed sale was 85,724 tonnes (85,333 tonnes). The internal sale was 68,187 tonnes (63,820 tonnes).

In Q4 2014, Havsbrún received 21,918 tonnes (18,432 tonnes) of raw material for the production of fishmeal and fish oil. In 2014, Havsbrún received 193,231 tonnes (160,581 tonnes) of raw material. In general, the raw material intake depends on the fishery in the North Atlantic and available species of fish.

The production of fishmeal in Q4 2014 was 4,669 tonnes (4,324 tonnes). For 2014, Havsbrún produced 40,827 tonnes (34,031 tonnes) of fishmeal.

The production of fish oil in Q4 2014 was 1,789 tonnes (1,619 tonnes). For 2014, Havsbrún produced 6,460 tonnes (15,996 tonnes) of fish oil. 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 Q4 2014 amounted to DKK 3,462.9 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 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 1,041.2 million at the end of Q4 2014, compared to DKK 916.7 million at the end of 2013. In Q4 2014, Bakkafrost made investments in PP&E amounting to DKK 103.2 million, and for 2014, investments were made for DKK 229.9 million, whereof prepayments are DKK 114.5 million.

Non-current financial assets amounted to DKK 125.4 million at the end of Q4 2014, compared to DKK 115.3 million at the end of 2013. The increase in the financial assets relates mainly to the investment in the new pelagic processing company Pelagos in Fuglafjörður, but also to the ownership in Hanstholm Fiskemelafabrik, that was sold to FF Skagen.

Long-term receivables have decreased from DKK 14.5 million in Q3 2014 to DKK 1.3 million at the end of 2014.

The Group's carrying amount (fair value) of biological assets amounted to DKK 1,014.0 million at the end of Q4 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 284.9 million, compared to DKK 296.4 million at the end of 2013. The decrease is due to lower salmon prices at the end of Q4 2014, compared to end 2013, as the biomass at sea is higher than at the beginning of the year.

The Group's total inventories amounted to DKK 267.0 million as of end Q4 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, finished products, packing materials and other raw materials.

The Group's total receivables amounted to DKK 314.3 million as of end Q4 2014, compared to DKK 400.6 million at the end of 2013. The reason for

the decrease is mainly that Bakkafrost has entered into a factoring agreement for a significant part of its sale.

The Group's equity at the end of Q4 2014 is DKK 2,063.7 million, compared to DKK 1,665.3 million at the end of 2013. The change in equity consists primarily of the positive result for the period, a negative fair value adjustment to a currency-/interest rate swap related to the bond financing and the dividend paid out in Q2 2014.

The Group's total non-current liabilities amounted to DKK 1,036.3 million at the end of Q4 2014, compared to DKK 1,071.0 million at the end of 2013.

Deferred taxes at the end of Q4 2014 amounted to DKK 414.0 million, compared to DKK 310.9 million at the end of 2013.

Long-term debt was DKK 505.4 million at the end of Q4 2014, compared to DKK 685.2 million at the end of 2013. Derivatives amounted to DKK 116.9 million at the end of Q4 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 an instalment loan of DKK 200 million, payable with DKK 25 million each quarter, and an 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 Q4 2014, the Group's total current liabilities are DKK 362.9 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 262.9 million, compared to DKK 276.0 million at the beginning of the year. The decrease is primarily because no provisions are for onerous contracts at the end of 2014, even though its full effect is counterbalanced by higher payable taxes.

Bakkafrost's equity ratio is 60%, compared to 54% at the end of 2013.

Cash Flow

The cash flow from operations in Q4 2014 was DKK 173.4 million (DKK 187.1 million). For 2014, the cash flow from operations was DKK 869.9 million (DKK 517.5 million). The cash flow from operations has been positively affected from reduction in working capital as Bakkafrost has entered into a factoring agreement for some of its sale.

The cash flow from investment activities in Q4 2014 amounted to DKK -79.4 million (DKK -96.7 million). The amount relates mainly to investments in fixed assets. For 2014, the cash flow from investments amounted to DKK -232.5 million (DKK -204.4 million).

Cash flow from financing activities totalled DKK -57.3 million in Q4 2014 (DKK -72.2 million). The interest bearing debt decreased by DKK 66.7 million, and financing of an associated company contributed positively with DKK 17.3 million. For 2014, cash flow from financing amounted to DKK -414.4 million (DKK -156.1 million).

Net change in cash flow in Q4 2014 amounted to DKK 36.7 million (DKK 18.3 million) and for 2014 DKK 223.0 million (DKK 157.0 million).

At the end of 2014, Bakkafrost had unused credit facilities of approximately DKK 958.1 million of which DKK 15.0 million are restricted.

Outlook

MARKET

The salmon market is expected to be tight in 2015. Global supply increase of farmed salmon is expected to be only around 4% in 2015 and 2-3% in 2016, compared with the year before. The global supply growth in 2014 was 9%, which seems to be the growth rate needed to maintain the salmon market in balance. The reason for the limited growth is that many of the salmon producing farmers are close to full capacity utilisation. In addition, biological challenges are an important factor to reduce production growth.

Both established and new markets show an increased demand for farmed salmon. The outlook for 2015 is favourable for the salmon farming industry as only a limited supply growth is expected and a strong demand. The Russian ban of Norwegian salmon implemented in 2014 gave temporary challenges to move volumes between different markets, but the market adapted relatively well to the new market situation.

The market place is one of Bakkafrost's most significant risk areas. Bakkafrost has a geographical and a market price approach. These approaches reduce the exposure to the market risk. 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.

Farming

The outlook for the farming segment is good. Biology and veterinary situation is the most important risk area for Bakkafrost. The company is focusing on this risk with new investments and procedures to minimise the risk. The biological situation is good, and the price outlook in the spot market continues to be positive.

Bakkafrost expects to harvest 49,000-51,000 tonnes gutted weight in 2015. Faroe Farming, a company in which Bakkafrost holds 49%, expects to harvest around 4,500 tonnes in 2015.

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 2015 is 10.4 million pieces. The smolt release for 2015 shall be compared to the smolts released in 2013, which was 9.5 million. The same sites are available for smolt release in 2015 as in 2013.

The estimates for harvesting volumes and smolt releases is as always dependent on the biological situation. The sea temperature was higher in 2014 than previous years. Bakkafrost will start using cleaner fish (lumpfish) in the first half of 2015 on two farming locations. This is a project together with Fiskaaling, which is an aquaculture research station in the Faroe Islands. Bakkafrost will also start using fresh water treatment against sea lice, when the new wellboat is delivered in June 2015.

In November 2013, the presence of Neoparamoeba perurans, the agent known to be able to cause amoeba gill disease (AGD) was detected in one of our farms. Since then we have detected this agent in our farms especially during the autumn, but so far, the gill scores have been low, meaning no disease. Bakkafrost has the necessary equipment and staff knowledge to carry out treatments if necessary and with the new modern wellboat capable to carry out fresh water treatment of the fish, Bakkafrost is well prepared to handle the risk.

Bakkafrost is now self-supplied with smolts with the new hatchery starting production in 2014. Another smolt capacity increase started early 2015, when the expansion of one existing hatchery started. This expansion will fourfold the capacity of that hatchery and will be finished within one year. Bakkafrost plans to increase the smolt capacity, making Bakkafrost self-supplied with smolt at a size of 200-300g apiece before end 2017. The benefits are shorter production time at sea as well as reduced biological risk.

VAP (Value added products)

The outlook for the sale of value added products is good. Bakkafrost has already signed contracts covering around 65% of the VAP capacity for 2015. This corresponds to around 27% of the expected harvested volumes for 2015. The last 35% of the VAP capacity is expected to be committed during the year. The VAP contracts are at fixed prices, based on the salmon forward prices at the time they are agreed and the expectations for the salmon spot price for the contract period.

The contracts last for 6 to 12 months. The long-term 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.

FOF (Fish oil, -meal and feed)

The outlook for the production of fishmeal and fish oil has improved as the available raw material for the production has increased. The quotas for catching blue whiting in the North Atlantic has increased.

In 2014, Havsbrún received 193 thousand tonnes of raw material for fishmeal and fish oil production. Blue whiting is for the time being the most important single species for raw material intake.

Bakkafrost is one of the founders of Pelagos, a new pelagic plant built next to Havsbrún. The operation is to process pelagic fish for human consumption. This process contributes to increase the sustainability of our total operation, as Havsbrún will use an increased share of offcuts from pelagic fish to produce salmon feed. The start of Pelagos in August 2014 was successful. Pelagos received 40,000 tonnes of pelagic fish, whereof 8% were offcuts sold to Havsbrún the first four months. The aim is to increase the filleting operation and therefore the share of offcuts will also increase.

With increased quotas, Bakkafrost is optimistic, that the raw materials needed for our production of high quality salmon feed will be available.

However, depending on supply, demand and the price level, the sourcing of raw material for the production of fishmeal and fish oil may be uncertain. An alternative to Havsbrún's production of fishmeal and fish oil is purchasing these raw materials from other producers. Fishmeal and fish oil is the most important raw material in the production of a high quality fish feed for the Bakkafrost salmon.

The major market for Havsbrún's fish feed is the local Faroese market including Bakkafrost's internal use of fish feed.

It is expected that the total consumption of fish feed in the Faroe Islands will be approximately 93,000-97,000 tons in 2015. 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.

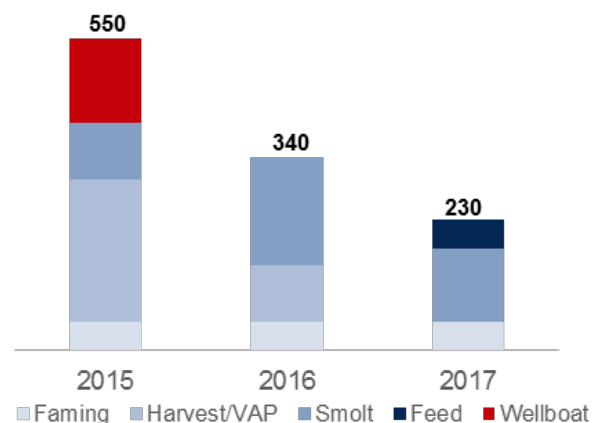
Investments

Bakkafrost has announced an investment plan for the period until 2017, latest updated in August 2014. The purpose of the investment plan is to continue to have one of the most costs efficient

value chains in the farming industry, carry out organic growth, increase flexibility and reduce the biological risk to meet the future consumers' trends and to be more end-customer orientated.

The total investments for the period 2014-2017 was announced to be DKK 1,370 million including maintenance CAPEX. The future investment over the next three years will be DKK 1,120 million. Included in the investment plan, is a new Harvest/VAP factory estimated to DKK 450 million, resulting in operational savings of DKK 70-90 million per year from 2017. The plant will be up running in 2016.

A new 3,000 m³ wellboat is under construction and was planned for delivery 25 April 2015. The delivery is postponed six weeks due to the installation of the fresh water treatment system. The delivery will be on 12 June 2015. The investment in the wellboat amounts to DKK 230 million.



Free cash flow from operations, existing financing facilities and partly new financing if advantageous will finance the investments. In addition, Bakkafrost has the possibility to postpone investments in case of adverse events. The dividend policy will be unchanged.

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. This 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 is 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. A limited increase in supply is expected in 2015 and therefore a balanced salmon market in 2015.

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, which materially affect the information provided by the accounts.

Bakkafrost has entered into some of the contracts of expanding an existing hatchery facility. The commitments so far amount to DKK 114 million.

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, February 24th 2015

The Board of Directors of P/F Bakkafrost

Consolidated Income Statement

For the period ended 31 December 2014

DKK 1,000	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Operating revenue	757,293	666,644	2,683,319	2,491,081
Purchase of goods	-221,455	-217,175	-913,130	-1,064,666
Change in inventory and biological assets (at cost)	-22,625	-72,833	96,560	81,924
Salary and personnel expenses	-70,618	-63,931	-263,897	-232,871
Other operating expenses	-188,051	-164,007	-671,908	-601,799
Depreciation	-27,086	-22,827	-97,169	-86,659
Operational EBIT *	227,458	125,871	833,775	587,010
Fair value adjustments on biological assets	51,644	94,184	-11,547	115,352
Onerous contracts	0	-64,607	70,908	-24,830
Income from associates	-3,955	11,245	-845	23,788
Earnings before interest and taxes (EBIT)	275,147	166,693	892,291	701,320
Net interest revenue	1,980	2,455	4,558	6,239
Net interest expenses	-8,236	-8,145	-32,359	-28,929
Net currency effects	46,787	14,045	40,448	53,151
Other financial expenses	-1,585	-1,106	-5,747	-4,430
Earnings before taxes (EBT)	314,093	173,942	899,191	727,351
Taxes	-91,652	-36,076	-252,086	-138,133
Profit or loss for the period	222,441	137,866	647,105	589,218
Profit or loss for the year attributable to				
Non-controlling interests	0	0	0	0
Owners of P/F Bakkafrost	222,441	137,866	647,105	589,218
Earnings per share (DKK)	4.59	2.82	13.34	12.07
Diluted earnings per share (DKK)	4.59	2.82	13.34	12.07

*EBIT before fair value on biomass, onerous contracts and income from associates

Consolidated Statement of Comprehensive Income

For the period ended 31 December 2014

DKK 1,000	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Profit for the period	222,441	137,866	647,105	589,218
Fair value adjustment on financial derivatives	20,700	-17,671	40,678	-74,889
Income tax effect	-3,158	4,752	-6,205	13,480
Reserve to sharebased payment	-384	0	161	0
Currency translation differences	127	1,109	603	1,109
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	17,285	-11,810	35,237	-60,300
Proceeds/Acquisition of treasury shares	699	-28,106	3,392	-28,949
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	699	-28,106	3,392	-28,949
Other comprehensive income	17,984	-39,916	38,629	-89,249
Total other comprehensive income for the period	240,425	97,950	685,734	499,969
Comprehensive income for the period attributable to				
Non- controlling interests	0	0	0	0
Owner of P/F Bakkafrost	240,425	97,950	685,734	499,969

Consolidated Statement of Financial Position

As at 31 December 2014

DKK 1,000	31 Dec 2014	31 Dec 2013
ASSETS		
Non-current assets		
Intangible assets	294,675	294,675
Property, plant and equipment	1,041,248	916,696
Financial assets	125,419	115,304
Long-term receivables	1,291	1,504
Total non-current assets	1,462,633	1,328,179
Current assets		
Biological assets (biomass)	1,013,959	965,896
Inventory	266,960	235,489
Total inventory	1,280,919	1,201,385
Accounts receivable	172,360	278,432
Other receivables	141,912	122,153
Total receivables	314,272	400,585
Cash and cash equivalents	405,109	182,077
Total current assets	2,000,300	1,784,047
TOTAL ASSETS	3,462,933	3,112,226

Consolidated Statement of Financial Position

As at 31 December 2014

DKK 1,000	31 Dec 2014	31 Dec 2013
EQUITY AND LIABILITIES		
Equity		
Share capital	48,858	48,858
Other equity	2,014,795	1,616,419
Total equity	2,063,653	1,665,277
Non-current liabilities		
Deferred taxes	414,014	310,925
Long-term interest bearing debts	505,393	685,151
Financial derivatives	116,928	74,889
Total non-current liabilities	1,036,335	1,070,965
Current liabilities		
Short-term interest bearing debt	100,000	100,000
Accounts payable and other debt	262,945	275,984
Total current liabilities	362,945	375,984
Total liabilities	1,399,280	1,446,949
TOTAL EQUITY AND LIABILITIES	3,462,933	3,112,226

Consolidated Cash Flow Statement

For the period ended 31 December 2014

DKK 1,000	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Earnings before interest and taxes (EBIT)	275,147	166,693	892,291	701,320
Adjustments for write-downs and depreciation	27,086	32,746	97,169	96,578
Adjustments for value adjustments on biomass	-51,644	-94,184	11,547	-115,352
Adjustments for income from associates	3,955	-11,245	845	-23,788
Adjustments for currency effects*	46,787	14,045	40,452	53,151
Taxes paid	-81,381	-46,620	-81,381	-46,620
Provision for onerous contracts	0	64,607	-70,908	24,830
Change in inventory	16,773	71,559	-91,084	-96,179
Change in receivables	-33,185	-11,753	152,166	-109,359
Change in current debts	-30,155	1,284	-81,166	32,952
Cash flow from operations	173,383	187,132	869,931	517,533
Cash flow from investments				
Acquisition/sale of subsidiaries and activities, etc, net	2,450	0	2,450	0
Proceeds from sale of fixed assets	8,227	1,776	8,227	1,776
Payments made for purchase of fixed assets	-103,220	-63,867	-229,948	-165,208
Prepayments made for purchase of fixed assets	0	-34,613	0	-34,613
Sale/Purchase of shares	0	0	-13,409	-7,253
Change in long-term receivables	13,150	0	181	909
Cash flow from investments	-79,393	-96,704	-232,499	-204,389
Cash flow from financing				
Change of interest bearing debt (short and long)	-66,726	-53,598	-171,850	-40,676
Financial income*	1,980	2,455	4,558	6,239
Financial expenses	-9,821	-9,251	-38,106	-33,359
Acquisition of treasury shares	0	-28,106	3,437	-28,106
Financing of associate	17,302	16,330	5,722	37,393
Dividend paid	0	0	-218,160	-97,602
Cash flow from financing	-57,265	-72,170	-414,399	-156,111
Net change in cash and cash equivalents in the period	36,725	18,258	223,033	157,033
Cash and cash equivalents – opening balance	368,385	163,820	182,077	25,045
Cash and cash equivalents – closing balance total	405,110	182,078	405,110	182,078

* In the comparing period, currency effects have been reclassified from cash flow from financing to cash flow from operations

Consolidated Statement of Changes in Equity

As at 31 December 2014

DKK 1,000							Biomass		Retained Earnings	Total Equity
	Share Capital	Share Premium Reserve	Treasury Shares	Share-Based Payment	Currency translation differences	Derivatives	Proposed Dividend	fair value adjustments		
Equity 01.01.2014	48,858	306,537	-28,949	0	1,109	-61,409	219,862	296,402	882,867	1,665,277
Net profit after tax	0	0	0	0	0	0	0	-11,547	658,652	647,105
Fair value adjustment on financial derivatives	0	0	0	0	0	-40,678	0	0	0	-40,678
Income tax effect	0	0	0	0	0	6,205	0	0	0	6,205
Treasury shares	0	0	3,392	0	0	0	0	0	0	3,392
Share based payment	0	0	0	161	0	0	0	0	0	161
Currency translation differences	0	0	0	0	349	0	0	0	0	349
Paid-out dividend	0	0	0	0	0	0	-219,862	0	1,704	-218,158
Proposed dividend	0	0	0	0	0	0	293,148	0	-293,148	0
Total equity 31.12.2014	48,858	306,537	-25,557	161	1,458	-95,882	293,148	284,855	1,250,075	2,063,653
DKK 1,000										
Equity 01.01.2013	48,858	306,537	0	0	0	0	97,716	181,050	628,751	1,262,912
Net profit after tax	0	0	0	0	0	0	0	115,352	473,866	589,218
Fair value adjustment on financial derivatives	0	0	0	0	0	-74,889	0	0	0	-74,889
Income tax effect	0	0	0	0	0	13,480	0	0	0	13,480
Treasury shares	0	0	-28,949	0	0	0	0	0	0	-28,949
Currency translation differences	0	0	0	0	1,109	0	0	0	0	1,109
Paid-out dividend	0	0	0	0	0	0	-97,716	0	112	-97,604
Proposed dividend	0	0	0	0	0	0	219,862	0	-219,862	0
Total equity 31.12.2013	48,858	306,537	-28,949	0	1,109	-61,409	219,862	296,402	882,867	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 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 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

Consolidated 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 recognized 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.

Since the detection, no further possible pathogenic ISA-viruses have been observed.

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

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

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

The risks and uncertainties described therein are expected to remain.

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. 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 a few days after the detection.

The market for salmon was very strong during the first quarter of the year, but during Q2 and Q3 2014, the salmon spot prices have decreased due to increase in the supply of salmon and the import ban of Norwegian salmon into Russia. Bakkafrost is not fully exposed to this market interruption, as salmon from the Faroe Islands is not banned from the Russian market.

Except for the risks related to the possible detection of ISA virus and the market interruption as a consequence of the Russian import ban of Norwegian salmon, the overall risk management is unchanged.

Note 4. Biomass

DKK 1,000	End 2014	End 2013
Biological assets carrying amount 01.01	965,895	746,958
Increase due to production or purchases	1,106,337	1,074,059
Reduction due to harvesting or sale (costs of goods sold)	-1,029,122	-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	284,855	296,402
Reversal of elimination at the beginning of the period	33,738	23,889
Eliminations	-51,342	-33,738
Biological assets carrying amount at the end of the period	1,013,959	965,895
Cost price biological assets	764,675	689,223
Capitalised interest	15,771	14,008
Fair value adjustments at the end of the period	284,855	296,402
Eliminations	-51,342	-33,738
Biological assets carrying amount	1,013,959	965,895
Biomass < 1 kg on average (tonnes live weight)	1,834	2,033
Biomass 1 kg < 4 kg on average (tonnes live weight)	11,194	14,641
Biomass > 4 kg on average (tonnes live weight)	22,463	14,633
Volume of biomass at sea (tonnes live weight)	35,491	31,307
Numbers of fish < 1 kg on average (thousand)	5,055	5,367
Numbers of fish 1 kg < 4 kg on average (thousand)	4,948	6,318
Numbers of fish > 4 kg on average (thousand)	4,537	2,778
Total numbers of fish (thousand)	14,540	14,463

Valuation of biological assets

IAS 41 requires biomass to be accounted for at the estimated fair value net of sales costs and harvesting costs. The calculation of the estimated fair value is based on market prices for harvested fish. The prices are reduced for harvesting costs and freight costs to market to arrive at a net value back-to-farm. The valuation reflects the expected quality grading. In the accounts, the change in estimated fair value is entered to the Income Statement on a continuous basis.

The valuations model

The valuation model is completed for each business unit, and it is based on biomass in sea for each location. The specification of biomass includes total number of fish, estimated average weight and biological costs for the biomass. Number of kilo biomass is multiplied by value per kilo that reflects the actual value. The price used is the price for sellable fish. The valuation takes into consideration that not all the fish are of the same quality.

Significant assumptions for determining fair value of live fish

The estimate of fair value of biomass will always be based on uncertain assumptions, even though the company has built substantial expertise in assessing these factors. Estimates are applied to the following factors: biomass volume, the quality of the biomass, the size distribution and market prices.

The volume of biomass is, in itself, an estimate that is based on the number of smolt put to sea, the estimated growth from the time of stocking, esti-

mated mortality based on observed mortality in the period, etc.

The quality of the biomass has to be estimated. In a situation with good estimates for the average weight of the fish, there will be a spread in quality with minor changes in the market price, which will not give significant changes in the valuation.

The size distribution: Fish in sea grows at different rates and even in a situation with good estimates for the average weight of the fish, there may be spread in the quality and weight of the fish. The size distribution affects the price achieved for the fish as each size category of fish is priced separately in the market. When estimating the biomass value a normal size distribution is applied.

The market price assumption is very important for the valuation, and even minor changes in the market price will give significant changes in the valuation. Valuation of biological assets is affected by the market prices of fish. An increase on +1% will have an impact on the valuation of approx. - imately DKK 8,4 million, with current stocking.

Mortality above normal

Mortality above normal will be accounted for when a site either experiences elevated mortality over time or massive mortality due to an incident at the farm (outbreak of disease, lack of oxygen etc.). However, Bakkafrost has not had extraordinary mortality in the past years.

Note 5. Segments

Farming segment DKK 1,000	Q4 2014	Q4 2013	YTD 2014	YTD 2013
External revenue	446,140	362,242	1,412,511	1,373,238
Internal revenue	184,222	163,672	686,962	618,314
Total revenue	630,362	525,914	2,099,473	1,991,552
Operating expenses	-431,676	-380,352	-1,342,716	-1,294,062
Depreciation and amortisation	-17,293	-14,764	-62,787	-55,135
Operational EBIT	181,393	130,798	693,970	642,355
Fair value adjustments on biological assets	51,644	94,184	-11,547	115,352
Income from associates	-2,873	9,354	-7,183	8,574
Earnings before interest and taxes (EBIT)	230,164	234,336	675,240	766,281
Net interest revenue	389	2,430	997	4,379
Net interest expenses	-2,840	-7,519	-6,744	-25,556
Net currency effects	49,248	15,171	43,696	55,796
Other financial expenses	-1,516	-1,002	-5,451	-3,963
Earnings before taxes (EBT)	275,445	243,416	707,738	796,937
Taxes	-80,981	-46,013	-202,071	-138,722
Profit or loss for the period	194,464	197,403	505,667	658,215

Value added products - VAP DKK 1,000	Q4 2014	Q4 2013	YTD 2014	YTD 2013
External revenue	259,023	202,594	913,404	666,172
Internal purchase of raw material	-184,222	-163,672	-686,962	-618,314
Operating expenses	-39,084	-42,853	-147,397	-131,109
Depreciation and amortisation	-3,318	-1,963	-9,132	-7,222
Operational EBIT	32,399	-5,894	69,913	-90,473
Provision for onerous contracts	0	-64,608	70,909	-24,830
Income from associates	31	8	31	8
Earnings before interest and taxes (EBIT)	32,430	-70,494	140,853	-115,295
Net interest revenue	945	0	1,988	615
Net interest expenses	0	-629	-880	-1,129
Net currency effects	0	-1	-3	-21
Other financial expenses	-3	-4	-21	-107
Earnings before taxes (EBT)	33,372	-71,128	141,937	-115,937
Taxes	-6,007	12,804	-25,549	20,870
Profit or loss for the period	27,365	-58,324	116,388	-95,067

Fishmeal, Fish Oil and Fish Feed - FOF	Q4	Q4	YTD	YTD
DKK 1,000	2014	2013	2014	2013
External revenue	52,130	101,808	357,404	451,671
Internal revenue	173,062	150,690	613,326	631,338
Total revenue	225,192	252,498	970,730	1,083,009
Purchase of goods	-143,825	-195,426	-615,662	-804,688
Operating expenses	-40,592	-35,732	-173,518	-152,567
Depreciation and amortisation	-6,475	-6,100	-25,250	-24,302
Operational EBIT	34,300	15,240	156,300	101,452
Income from associates	-1,113	1,883	6,307	15,206
Earnings before interest and taxes (EBIT)	33,187	17,123	162,607	116,658
Net interest revenue	646	25	1,573	1,245
Net interest expenses	-5,396	3	-24,735	-2,244
Net currency effects	-2,461	-1,125	-3,245	-2,624
Other financial expenses	-66	-100	-275	-360
Earnings before taxes (EBT)	25,910	15,926	135,925	112,675
Taxes	-4,664	-2,867	-24,466	-20,282
Profit or loss for the period	21,246	13,059	111,459	92,394

Reconciliation of reportable segments to Group earnings before taxes (EBT)	Q4	Q4	YTD	YTD
DKK 1,000	2014	2013	2014	2013
Farming	275,445	243,416	707,738	796,937
VAP (Value added products)	33,372	-71,128	141,937	-115,937
FOF (Fishmeal, Fish Oil and Fish Feed)	25,910	15,926	135,925	112,675
Eliminations	-20,634	-14,272	-86,408	-66,323
Group earnings before taxes (EBT)	314,093	173,942	899,192	727,352

Assets and liabilities per segment	YTD	YTD
DKK 1,000	2014	2013
Farming	3,305,566	2,985,373
VAP (Value added products)	187,328	67,098
FOF (Fishmeal, Fish Oil and Fish Feed)	754,904	671,732
Eliminations	-784,865	-611,977
Total assets	3,462,933	3,112,226
Farming	-753,064	-993,941
VAP (Value added products)	-7,949	-36,211
FOF (Fishmeal, Fish Oil and Fish Feed)	-545,308	-511,529
Eliminations	-92,959	94,732
Total liabilities	-1,399,280	-1,446,949

Note 6. Harvest and Feed Sale

Distribution of harvested volumes (t _{gw})	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Harvested volume used in VAP production	4,700	5,033	19,897	18,333
Harvested volume sold fresh/frozen	7,951	6,064	24,116	22,935
Harvested and purchased volumes (t_{gw})	12,651	11,097	44,013	41,268

Harvested volumes (t _{gw})	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Farming North	7,628	8,105	25,671	29,203
Farming West	5,023	2,992	18,342	12,065
Total harvested volumes (t_{gw})	12,651	11,097	44,013	41,268

Distribution of harvested volumes (t _{gw})	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Harvested volume used in VAP production	37%	45%	45%	44%
Harvested volume sold fresh/frozen	63%	55%	55%	56%
Harvested and purchased volumes (t_{gw})	100%	100%	100%	100%

Feed sold volume (tonnes)	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Internal sale	19,218	14,736	68,187	63,820
External sale	3,915	5,534	17,537	21,513
Sold tonnes feed	23,133	20,270	85,724	85,333

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 390.0 million, of which DKK 147.4 million is related to the building of Bakkafrost's new wellboat.

Note 9. Transactions with related parties

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

Faroe Farming, an associated company, purchased for DKK 17.7 million from Bakkafrost in Q4 2014 and DKK 76.0 million for 2014. Bakkafrost purchased raw material amounting to DKK 58.9 million from Faroe Farming in Q4 2014 and DKK

166.5 million for 2014. At year-end 2014, Faroe Farming owed DKK 64.1 million to the Bakkafrost Group.

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 biological assets, the fair value calculation is done using a valuation model (level 3 in the valuation hierarchy) where the value is estimated based on observable market prices per period end. For more information on these calculations, refer to Note 4.

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 reassessing categorisation (based on the lowest level input that is significant to the fair value measurement).

During 2014, there has been a transfer between Level 2 and Level 3 fair value measurements of biological assets. Intangible assets and long-term liabilities are also removed from the scheme. All these changes are regarded as corrections, and the comparing figures have been corrected accordingly.

Besides these above-mentioned transfers, there have been no transfers into or out of Level 3 fair value measurements.

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

DKK 1,000		Carrying			
Assets and liabilities measured at fair value	Fair value	amount	Level 1	Level 2	Level 3
Financial assets	233	500	233	0	0
Biological assets (biomass)	1,013,959	729,104	0	0	1,013,959
Assets measured at fair value 31/12- 2014	1,014,192	729,604	233	0	1,013,959
Liabilities measured at fair value 31/12-2014	0	0	0	0	0
Financial assets	669	500	669	0	0
Biological assets (biomass)	965,896	669,493	0	0	965,896
Assets measured at fair value 31/12- 2013	966,565	669,993	669	0	965,896
Liabilities measured at fair value 31/12-2013	0	0	0	0	0

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