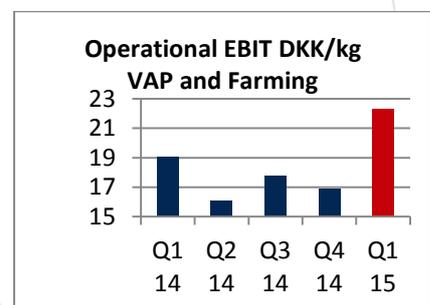
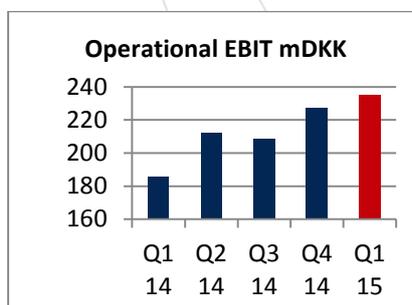
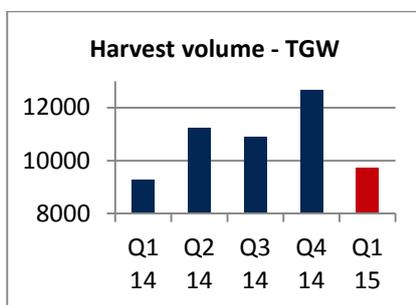


# P/F Bakkafrost

## Condensed Consolidated Interim Report for Q1 2015



## Table of Contents

Highlights.....	2
Summary of the 1 <sup>st</sup> Quarter 2015.....	3
Financial Review.....	4
Outlook.....	7
Risks.....	9
Events after the Date of the Statement of Financial Position.....	9
Consolidated Income Statement.....	10
Consolidated Statement of Comprehensive Income.....	11
Consolidated Statement of Financial Position.....	12
Consolidated Cash Flow Statement.....	14
Consolidated Statement of Changes in Equity.....	15
Notes to the Account.....	16
Contacts.....	26

## Highlights

DKK 1,000	Q1 2015	Q1 2014
<b>INCOME STATEMENT, SEGMENTS AND CASH FLOW</b>		
Group - Operating revenue	613,197	631,311
Group - Operational EBIT*	234,871	185,503
Group - Profit for the period	132,425	87,180
Operational EBIT (Farming and VAP)(DKK)	216,848	176,721
Operational EBIT*/kg (Farming and VAP)(DKK)	22.30	19.07
Operational EBIT*/kg (Farming and VAP) (NOK)	26.12	21.37
Farming - Operating revenue	471,298	518,112
Farming - Operational EBIT*	194,984	186,184
Farming - Operational EBIT margin	41%	36%
Farming - Operational EBIT/kg (DKK)	20.05	20.09
Farming - Operational EBIT/kg (NOK)	23.49	22.51
VAP - Operating revenue	189,095	232,252
VAP - Operational EBIT*	21,864	-9,463
VAP - Operational EBIT margin	12%	-4%
VAP - Operational EBIT/kg (DKK)	4.83	-1.62
VAP - Operational EBIT/kg (NOK)	5.66	-1.82
FOF - Operating revenue	204,928	178,052
FOF - EBITDA	62,564	22,164
FOF - EBITDA margin	30.53%	12.45%
Cash flow from operations	81,002	108,339
DKK/NOK (average)	85.36	89.23
<b>FINANCIAL POSITION</b>		
Total Assets**	3,609,692	3,462,933
Equity**	2,217,430	2,063,653
Equity ratio**	61%	60%
Net interest bearing debt (incl. financial derivatives)**	226,660	232,711
<b>PROFITABILITY</b>		
Basic earnings per share (DKK)	2.71	1.78
Diluted earnings per share (DKK)	2.71	1.78
ROE***	6.7%	5.1%
ROCE (for the last quarter)****	9.2%	7.8%
ROCE (for the last 4 quarters)	34.8%	30.5%
ROIC (for the last quarter)*****	8.7%	6.9%
ROIC (for the last 4 quarters)	38.8%	38.9%
<b>VOLUMES</b>		
Harvested volume (tonnes gutted weight)	9,726	9,269
VAP produced volume (tonnes gutted weight)	4,525	5,831
Sold feed tonnes	14,400	13,956

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

\*\* Comparing figures from end 2014

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

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

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

## Summary of the 1<sup>st</sup> Quarter 2015

(Figures in parenthesis refer to the same period last year)

The Bakkafrost Group delivered a total operating EBIT of DKK 234.9 million in Q1 2015. The combined farming and VAP segments made an operational EBIT of DKK 216.8 million in Q1 2015. The Farming segment made an operational EBIT of DKK 195.0 million. The global salmon spot prices decreased during the quarter. Bakkafrost's VAP segment had stable market conditions and made an operational EBIT of DKK 21.9 million in Q1 2015. The EBITDA for the FOF segment was DKK 62.6 million in Q1 2015.

The Group made a profit for the quarter of DKK 132.4 million (DKK 87.2 million).

The total volumes harvested in Q1 2015 were 9,726 tonnes gutted weight (9,269 tgw) – an increase of 5%.

Bakkafrost transferred 2.2 million smolts in Q1 2015 (3.0 million), which is in line with the company's plans.

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 Annual General Meeting decided on the 11<sup>th</sup> of April 2015 to pay out DKK 6.00 (NOK 6.78) per share as dividend for 2014. This corresponds to DKK 293.1 million (NOK 331.1 million).

In Q1 2015, the associated company P/F Faroe Farming harvested 2,296 tonnes gutted weight (2,166 tgw).

The combined farming and VAP segments made an operational EBIT of DKK 216.8 million (DKK 176.7 million) in Q1 2015.

The farming segment made an operational EBIT of DKK 195.0 million (DKK 186.2 million) in Q1 2015.

The spot prices were lower in Q1 2015, compared to Q1 2014. Bakkafrost achieved higher prices, however, resulting in a better operational EBIT.

The VAP segment made an operational EBIT of DKK 21.9 million (DKK -9.5 million) for Q1 2015. 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 Q1 2014. Therefore, the VAP result for Q1 2015 has improved, compared to last year.

The third segment – FOF (fishmeal, oil and feed), made an operational EBITDA of DKK 62.6 million (DKK 22.2 million) in Q1 2015. The increase in EBITDA is primarily due to the low purchase prices during the autumn last year.

In Q1 2015, Havsbrún sourced 75,003 tonnes of raw material (44,159 tonnes).

The Bakkafrost Group's net interest bearing debt amounted to DKK 226.7 million at the end of Q1 2015 (DKK 232.7 million at year-end 2014) including deposits and losses on financial derivatives relating to the interest bearing debt. Bakkafrost had undrawn credit facilities of approximately DKK 970.8 million, of which DKK 17.8 million were restricted at the end of Q1 2015.

Bakkafrost's equity ratio is 61%, compared with 60% at the end of 2014.

### Segment performance per kg

Operational EBIT/kg harvested	Q1	Q1
	2015	2014
Farming EBIT/kg (DKK)	20.05	20.09
Farming EBIT/kg (NOK)	23.49	22.51
VAP EBIT/kg (DKK)	4.83	-1.62
VAP EBIT/kg (NOK)	5.66	-1.82
FOF EBITDA/kg (DKK)	4.34	1.59
FOF EBITDA/kg (NOK)	5.09	1.78

## Smolt transfer

Bakkafrost Group					
1,000 pieces	2011	2012	2013	2014	2015E
Farming North, <i>salmon</i>	5,000	6,500	7,200	3,000	6,600
Farming West, <i>salmon</i>	2,600	4,200	2,300	7,400	3,800
Viking	1,000	0	0	0	0
<b>Total</b>	<b>8,600</b>	<b>10,700</b>	<b>9,500</b>	<b>10,400</b>	<b>10,400</b>

## Financial Review

(Figures in parenthesis refer to the same period in last year)

### Income Statement

The operating revenues amounted to DKK 613.2 million in Q1 2015 (DKK 631.3 million).

Operational EBIT in Q1 2015 was DKK 234.9 million (DKK 185.5 million). Improved margins in VAP and FOF segments in Q1 2015, compared with Q1 2014, resulted in an improved overall operational EBIT margin. All segments had a positive contribution in Q1 2015, while the VAP segment had a negative margin in Q1 2014.

A fair value adjustment of the Group's biological assets has been recognised in Q1 2015 amounting to DKK -54.9 million (DKK -113.8 million). The adjustment is due to lower salmon spot prices at the end of Q1 2015, compared with the beginning of the quarter.

No changes were made to the provisions of onerous contracts in Q1 2015 (DKK 70.9 million), as no contracts were onerous at the beginning and at the end of the quarter.

In Q1 2015, there was a loss from associated companies amounting to DKK -2.9 million (DKK -7.1 million).

Net interests in Q1 2015 were DKK -10.9 million (DKK -17.5 million), whereof a negative unrealised exchange rate adjustment of DKK -17.5 million related to the bond loan of NOK 500 million is posted in Q1 2015.

Net taxes in Q1 2015 amounted to DKK -33.7 million (DKK -30.8 million).

The result for Q1 2015 was DKK 132.4 million (DKK 87.2 million).

## Harvested volumes

Harvested volumes (tgv)	Q1	Q1
	2015	2014
Farming North	2,541	321
Farming West	7,185	8,948
<b>Total harvested volumes (tgv)</b>	<b>9,726</b>	<b>9,269</b>

## Segments

(Figures in parenthesis refer to the same period last year)

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

feed production (FOF). The fresh/frozen salmon is sold in the spot market, while VAP products are sold on long-term contracts.

Distribution of harvested volumes (tgv)	Q1 2015	Q1 2014
Harvested volume used in VAP production	46%	55%
Harvested volume sold fresh/frozen	54%	45%
<b>Harvested and purchased volumes (tgv)</b>	<b>100%</b>	<b>100%</b>

Of the total harvested volumes in Q1 2015, 46% (55%) went for the production of VAP products, and 54% (45%) were sold as whole gutted salmon.

### Farming:

In Q1 2015, the operating revenue for Bakkafrost's farming segment was DKK 471.3 million (DKK 518.1 million).

Operational EBIT, which is EBIT before fair value adjustments on biological assets, provisions for onerous contracts and income from associates, amounted to DKK 195.0 million in Q1 2015 (DKK 186.2 million).

Operational EBIT/kg for the farming segment was DKK 20.05 (NOK 23.49) in Q1 2015, compared with DKK 20.09 (NOK 22.51) in Q1 2014.

### Value Added Products (VAP):

The operating revenue for the VAP segment amounted to DKK 189.1 million (DKK 232.3 million) in Q1 2015. The decrease in revenue in Q1 2015, compared with Q1 2014, is 19%, while the sold volumes in VAP decreased 22%. Thus, the contract prices were higher in Q1 2015 than in Q1 2014.

Operational EBIT amounted to DKK 21.9 million (DKK -9.5 million) in Q1 2015, corresponding to an operational EBIT of DKK 4.83 (NOK 5.66) per kg gutted weight in Q1 2015, compared with DKK -1.62 (NOK -1.82) per kg gutted weight in Q1 2014. The increase in the operational EBIT margins is due to higher contract prices and lower salmon spot prices. The VAP segment purchases its raw material (fresh salmon) at spot prices each week.

### FOF (Fishmeal, Fish Oil and Fish Feed):

The operating revenue for the FOF segment amounted to DKK 205.0 million (DKK 178.1 million) in Q1 2015, of which DKK 122.0 million (DKK 92.9 million) represents sales to Bakkafrost's farming segment, corresponding to 59.5% (52.2%).

Operational EBITDA was DKK 62.6 million (DKK 22.2 million) in Q1 2015, and the operational EBITDA margin was 30.53% (12.45%). 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. The raw fish was purchased in Q3 2014 and Q4 2014, while the production and sale of the salmon feed took place in Q1 2015.

Sales of feed amounted to 14,400 tonnes (13,956 tonnes) in Q1 2015, of which the farming segment internally used 12,410 tonnes (10,598 tonnes).

In Q1 2015, Havsbrún received 75,003 tonnes (44,159 tonnes) of raw material for the production of fishmeal and fish oil. In general, the raw material intake depends on the available quotas and catch of pelagic fish species in the North Atlantic.

The production of fishmeal in Q1 2015 was 15,288 tonnes (10,014 tonnes).

The production of fish oil in Q1 2015 was 2,148 tonnes (1,268 tonnes). The production of fishmeal and fish oil varies, depending on the species of fish sourced for production.

## Statement of Financial Position

*(Figures in parenthesis refer to end last year)*

The Group's total assets as at end Q1 2015 amounted to DKK 3,609.7 million, compared with DKK 3,462.9 million at the end of 2014.

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 1,121.5 million at the end of Q1 2015, compared with DKK 1,041.2 million at the end of 2014. In Q1 2015, Bakkafrost made investments in PP&E amounting to DKK 106.5 million, compared with DKK 17.7 million in Q1 2014.

Non-current financial assets amounted to DKK 123.6 million at the end of Q1 2015, compared with DKK 125.4 million at the end of 2014.

Long-term receivables amounted to DKK 1.3 million at end Q1 2015 (DKK 1.3 million).

The Group's carrying amount (fair value) of biological assets amounted to DKK 974.3 million at the end of Q1 2015, compared with DKK 1,014.0 million at the end of 2014. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 229.9 million, compared with DKK 284.9 million at the end of 2014. The decrease is due to lower salmon prices at the end of Q1 2015, compared to end 2014.

The Group's total inventories amounted to DKK 407.2 million as at end Q1 2015, compared with DKK 267.0 million at year-end 2014. The inventory primarily represents Havsbrún's inventory of fish-meal, 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 182.4 million as at end Q1 2015, compared with DKK 172.4 million at the end of 2014.

The Group's equity at the end of Q1 2015 is DKK 2,217.4 million, compared with DKK 2,063.7 million at the end of 2014. The change in equity consists primarily of the positive result for the period and a positive fair value adjustment to a currency-/interest rate swap related to the bond financing.

The Group's total non-current liabilities amounted to DKK 1,043.6 million at the end of Q1 2015, compared with DKK 1,036.3 million at the end of 2014.

Deferred taxes at the end of Q1 2015 amounted to DKK 451.5 million, compared with DKK 414.0 million at the end of 2014.

Long-term debt was DKK 501.1 million at the end of Q1 2015, compared with DKK 505.4 million at the end of 2014. Derivatives amounted to DKK 91.1 million at the end of Q1 2015, compared with DKK 116.9 million at the end of 2014.

Bakkafrost's interests bearing debt consists of two bank loans and a bond loan. The bank loans are an instalment loan of DKK 175 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 Q1 2015, the Group's total current liabilities are DKK 348.6 million, compared with DKK 362.9 million at the end of 2014. 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 248.6 million, compared with DKK 262.9 million at the end of 2014.

Bakkafrost's equity ratio is 61%, compared with 60% at the end of 2014.

## Cash Flow

*(Figures in parenthesis refer to the same period in last year)*

The cash flow from operations in Q1 2015 was DKK 81.0 million (DKK 108.3 million).

The cash flow from investment activities in Q1 2015 amounted to DKK -106.5 million (DKK -34.2 million). The increase relates mainly to investments in the new VAP and harvesting plant and in the new wellboat.

Cash flow from financing activities totalled DKK 35.2 million in Q1 2015 (DKK -12.7 million). The interest bearing debt decreased by DKK 4.3 million

and financing of an associated company contributed positively with DKK 47.1 million.

Net change in cash flow in Q1 2015 amounted to DKK 9.7 million (DKK 61.4 million).

At the end of Q1 2015, Bakkafrost had unused credit facilities of approximately DKK 970.8 million of which DKK 17.8 million are restricted.

## Outlook

### MARKET

The global demand growth in the salmon market has increased during the last years due to high growth rate in emerging markets and a stable growth in other markets. A market balance seems to request a yearly supply growth around 9%.

Global supply growth is expected to be limited in 2015 to around 4-5% and only 2-3% in 2016. Production capacity is close to full utilization and further expansion is related to high investments.

Both established and new markets show an increased demand for farmed salmon. The outlook for 2015 is favourable for the salmon farming industry as a limited supply growth and a strong demand is expected. The Russian ban on Norwegian salmon implemented in August 2014 gave temporary challenges to move volumes between different markets. Going forward we expect the global market to adapt better to the new market balance.

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 forecasts a release of 10.4 million smolts in 2015, compared with the 9.5 million smolts released in 2013, as the same sites are available for smolt release.

The estimates for harvesting volumes and smolt releases are 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.

### VAP (Value added products)

The outlook for sales of value added products is good. Bakkafrost has signed contracts covering around 80% of the VAP capacity for the rest of 2015. This corresponds to around 30% of the expected harvested volumes for the rest of 2015. The remaining 20% 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 have increased.

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.

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

Depending on supply, demand and the price level, however, 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 are the most important raw materials 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.

Depending on the purchase from external customers, sales of fish feed will be 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 were announced to be DKK 1,370 million including maintenance CAPEX. The future investments 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.

Bakkafrost plans to increase the smolt capacity, making Bakkafrost self-supplied with smolts at a size of 200-300g each before end 2017. The benefits are shorter production time at sea as well as reduced biological risk. As part of this plan, the expansion of one existing hatchery started early 2015. The expansion will fourfold the capacity of this hatchery, which will be finished within one year.

A new 3,000 m<sup>3</sup> wellboat is under construction and was planned for delivery 25 April 2015. The delivery is postponed six weeks due to the installation of a 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 2014 Annual Report.

The 2014 Annual Report is available on request from Bakkafrost and on Bakkafrost's website, [www.bakkafrost.com](http://www.bakkafrost.com).

Bakkafrost is, as explained in the 2014 Annual Report, 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, no events have occurred which materially influence the information provided by this report.

Glyvrrar, May 12<sup>th</sup> 2015

The Board of Directors of P/F Bakkafrost

## Consolidated Income Statement

For the period ended 31 March 2015

DKK 1,000	Q1 2015	Q1 2014
<b>Operating revenue</b>	<b>613,197</b>	<b>631,311</b>
Purchase of goods	-304,084	-230,893
Change in inventory and biological assets (at cost)	167,919	15,223
Salary and personnel expenses	-64,075	-61,678
Other operating expenses	-151,834	-145,886
Depreciation	-26,252	-22,574
<b>Operational EBIT *</b>	<b>234,871</b>	<b>185,503</b>
Fair value adjustments on biological assets	-54,936	-113,780
Onerous contracts	0	70,886
Income from associates	-2,867	-7,097
<b>Earnings before interest and taxes (EBIT)</b>	<b>177,068</b>	<b>135,512</b>
Net interest revenue	934	599
Net interest expenses	-7,739	-8,537
Net currency effects	-2,571	-8,451
Other financial expenses	-1,536	-1,123
<b>Earnings before taxes (EBT)</b>	<b>166,156</b>	<b>118,000</b>
Taxes	-33,731	-30,820
<b>Profit or loss for the period</b>	<b>132,425</b>	<b>87,180</b>
<b>Profit or loss for the year attributable to</b>		
Non-controlling interests	0	0
<b>Owners of P/F Bakkafrost</b>	<b>132,425</b>	<b>87,180</b>
Earnings per share (DKK)	2.71	1.78
Diluted earnings per share (DKK)	2.71	1.78

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

## Consolidated Statement of Comprehensive Income

For the period ended 31 March 2015

DKK 1,000	Q1 2015	Q1 2014
<b>Profit for the period</b>	<b>132,425</b>	<b>87,180</b>
Fair value adjustment on financial derivatives	25,022	10,354
Income tax effect	-3,817	-1,579
Reserve to share based payment	186	0
Currency translation differences	-130	-393
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>21,261</b>	<b>8,382</b>
Proceeds/Acquisitions of treasury shares	91	0
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>91</b>	<b>0</b>
<b>Other comprehensive income</b>	<b>21,352</b>	<b>8,382</b>
<b>Total other comprehensive income for the period</b>	<b>153,777</b>	<b>95,562</b>
<b>Comprehensive income for the period attributable to</b>		
Non- controlling interests	0	0
Owner of P/F Bakkafrost	153,777	95,562

## Consolidated Statement of Financial Position

As at 31 March 2015

DKK 1,000	31 March 2015	End 2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	294,675	294,675
Property, plant and equipment	1,121,493	1,041,248
Financial assets	123,605	125,419
Long term receivables	1,314	1,291
<b>Total non-current assets</b>	<b>1,541,087</b>	<b>1,462,633</b>
<b>Current assets</b>		
Biological assets (biomass)	974,351	1,013,959
Inventory	407,220	266,960
<b>Total inventory</b>	<b>1,381,571</b>	<b>1,280,919</b>
Accounts receivable	182,449	172,360
Other receivables	89,734	141,912
<b>Total receivables</b>	<b>272,183</b>	<b>314,272</b>
<b>Cash and cash equivalents</b>	<b>414,851</b>	<b>405,109</b>
<b>Total current assets</b>	<b>2,068,605</b>	<b>2,000,300</b>
<b>TOTAL ASSETS</b>	<b>3,609,692</b>	<b>3,462,933</b>

## Consolidated Statement of Financial Position

As at 31 March 2015

DKK 1,000	31 March 2015	End 2014
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	48,858	48,858
Other equity	2,168,572	2,014,795
<b>Total equity</b>	<b>2,217,430</b>	<b>2,063,653</b>
<b>Non-current liabilities</b>		
Deferred taxes	451,452	414,014
Long-term interest bearing debts	501,131	505,393
Financial derivatives	91,069	116,928
<b>Total non-current liabilities</b>	<b>1,043,652</b>	<b>1,036,335</b>
<b>Current liabilities</b>		
Short-term interest bearing debt	100,000	100,000
Accounts payable and other debt	248,610	262,945
<b>Total current liabilities</b>	<b>348,610</b>	<b>362,945</b>
<b>Total liabilities</b>	<b>1,392,262</b>	<b>1,399,280</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,609,692</b>	<b>3,462,933</b>

## Consolidated Cash Flow Statement

For the period ended 31 March 2015

DKK 1,000	Q1 2015	Q1 2014
<b>Earnings before interest and taxes (EBIT)</b>	<b>177,068</b>	<b>135,512</b>
Adjustments for write-downs and depreciation	26,252	22,574
Adjustments for value adjustments on biomass	54,936	113,780
Adjustments for income from associates	2,867	7,097
Adjustments for currency effects*	-2,571	-8,451
Provision for onerous contracts	0	-70,886
Change in inventory	-155,588	-5,943
Change in receivables	-6,372	14,314
Change in current debts	-15,590	-99,658
<b>Cash flow from operations</b>	<b>81,002</b>	<b>108,339</b>
<b>Cash flow from investments</b>		
Payments made for purchase of fixed assets	-106,497	-17,680
Sale/Purchase of shares	0	-16,549
<b>Cash flow from investments</b>	<b>-106,497</b>	<b>-34,229</b>
<b>Cash flow from financing</b>		
Change of interest bearing debt (short and long)	-4,262	-66,082
Financial income*	934	599
Financial expenses	-9,275	-9,660
Sales/acquisitions of treasury shares	693	0
Financing of associate	47,147	62,458
<b>Cash flow from financing</b>	<b>35,237</b>	<b>-12,685</b>
<b>Net change in cash and cash equivalents in period</b>	<b>9,742</b>	<b>61,425</b>
Cash and cash equivalents – opening balance	405,109	182,077
<b>Cash and cash equivalents – closing balance total</b>	<b>414,851</b>	<b>243,502</b>

## Consolidated Statement of Changes in Equity

As at 31 March 2015

DKK 1,000	Share Capital	Share Premium Reserve	Treasury Shares	Share-Based Payment	Currency translation differences	Derivatives	Proposed Dividend	Biomass Fair value adjustments	Retained Earnings	Total Equity
<b>Equity 01.01.2015</b>	<b>48,858</b>	<b>306,537</b>	<b>-25,557</b>	<b>161</b>	<b>1,458</b>	<b>-95,882</b>	<b>293,148</b>	<b>284,855</b>	<b>1,250,075</b>	<b>2,063,653</b>
<b>Consolidated profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-54,936</b>	<b>187,361</b>	<b>132,425</b>
<i>Other comprehensive income:</i>										
Fair value adjustment on financial derivatives	0	0	0	0	0	25,022	0	0	0	25,022
Income tax effect	0	0	0	0	0	-3,817	0	0	0	-3,817
Share based payment	0	0	0	186	0	0	0	0	0	186
Currency translation differences	0	0	0	0	-130	0	0	0	0	-130
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>186</b>	<b>-130</b>	<b>21,205</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,261</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>186</b>	<b>-130</b>	<b>21,205</b>	<b>0</b>	<b>-54,936</b>	<b>187,361</b>	<b>153,686</b>
<i>Transaction with owners:</i>										
Treasury shares	0	0	186	0	0	0	0	0	0	186
Paid-out dividend	0	0	0	0	0	0	0	0	0	0
Proposed dividend	0	0	0	0	0	0	0	0	0	0
<b>Total transaction with owners</b>	<b>0</b>	<b>0</b>	<b>186</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>186</b>
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>186</b>	<b>186</b>	<b>-130</b>	<b>21,205</b>	<b>0</b>	<b>-54,936</b>	<b>187,361</b>	<b>153,872</b>
<b>Total equity 31.03.2015</b>	<b>48,858</b>	<b>306,537</b>	<b>-25,371</b>	<b>347</b>	<b>1,328</b>	<b>-74,677</b>	<b>293,148</b>	<b>229,919</b>	<b>1,437,436</b>	<b>2,217,525</b>
<b>Equity 01.01.2014</b>	<b>48,858</b>	<b>306,537</b>	<b>-28,949</b>	<b>0</b>	<b>1,109</b>	<b>-61,409</b>	<b>219,862</b>	<b>296,402</b>	<b>882,867</b>	<b>1,665,277</b>
<b>Consolidated profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>113,780</b>	<b>-26,600</b>	<b>87,180</b>
<i>Other comprehensive income:</i>										
Fair value adjustment on financial derivatives	0	0	0	0	0	10,354	0	0	0	10,354
Income tax effect	0	0	0	0	0	-1,579	0	0	0	-1,579
Share based payment	0	0	0	0	0	0	0	0	0	0
Currency translation differences	0	0	0	0	-393	0	0	0	0	-393
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-393</b>	<b>8,775</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,382</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-393</b>	<b>8,775</b>	<b>0</b>	<b>113,780</b>	<b>-26,600</b>	<b>95,562</b>
<i>Transaction with owners:</i>										
Treasury shares	0	0	0	0	0	0	0	0	0	0
Paid-out dividend	0	0	0	0	0	0	0	0	0	0
Proposed dividend	0	0	0	0	0	0	0	0	0	0
<b>Total transaction with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-393</b>	<b>8,775</b>	<b>0</b>	<b>113,780</b>	<b>-26,600</b>	<b>95,562</b>
<b>Total equity 31.03.2014</b>	<b>48,858</b>	<b>306,537</b>	<b>-28,949</b>	<b>0</b>	<b>716</b>	<b>-52,634</b>	<b>219,862</b>	<b>410,182</b>	<b>856,267</b>	<b>1,760,839</b>

## Notes to the Account

### Accounting Policy

#### General Information

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

The Group's Annual Report as at 31<sup>st</sup> December 2014 is available upon request from the company's

registered office at Bakkavegur 9, FO-625 Glyvrrar, Faroe Islands, or at [www.bakkafrost.com](http://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 31<sup>st</sup> December 2014.

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 Report as at and for the year ended 31<sup>st</sup> December 2014.

The company has, nevertheless, chosen to reproduce the note on intangible assets from the Annual Report 2014. The information in the note is enlarged.

#### 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.

The accounting estimates are described in Note 3 to the financial statements in the Annual Report 2014.

For other risk exposures, reference is made to the Management Statement in the Annual Report for 2014, where Bakkafrost's operational and financial risks are described, as well as to Note 22 (Financial risk management) in the same report.

The risks and uncertainties described therein are expected to remain.

#### Note 4. Biomass

DKK 1,000	Q1 2015	End 2014
Biological assets carrying amount 01.01.	1,013,959	965,895
Increase due to production or purchases	251,825	1,106,337
Reduction due to harvesting or sale (costs of goods sold)	-220,765	-1,029,122
Fair value adjustment at the beginning of the period reversed	-284,855	-296,402
Fair value adjustments at the end of the period	229,920	284,855
Reversal of elimination at the beginning of the period	51,342	33,738
Eliminations	-67,076	-51,342
<b>Biological assets carrying amount at the end of the period</b>	<b>974,350</b>	<b>1,013,959</b>
Cost price biological assets	792,333	764,675
Capitalised interest	19,173	15,771
Fair value adjustments at the end of the period	229,920	284,855
Eliminations	-67,076	-51,342
<b>Biological assets carrying amount</b>	<b>974,350</b>	<b>1,013,959</b>
Biomass < 1 kg on average (tonnes live weight)	2,265	1,834
Biomass 1 kg < 4 kg on average (tonnes live weight)	10,716	11,194
Biomass > 4 kg on average (tonnes live weight)	22,484	22,463
<b>Volume of biomass at sea (tonnes live weight)</b>	<b>35,465</b>	<b>35,491</b>
Numbers of fish < 1 kg on average (thousand)	5,859	5,055
Numbers of fish 1 kg < 4 kg on average (thousand)	4,649	4,948
Numbers of fish > 4 kg on average (thousand)	3,913	4,537
<b>Total numbers of fish (thousand)</b>	<b>14,421</b>	<b>14,540</b>

## Note 5. Intangible assets & impairment test

### ACCOUNTING POLICIES

Intangible assets, that are purchased individually, are capitalised at acquisition cost. Intangible assets acquired in connection with the purchase of a business entity are capitalised at acquisition cost when the criteria for separate recognition are met.

Intangible assets with a limited economic lifespan are depreciated systematically. Intangible assets are written down to the recoverable amount if the expected financial benefits do not cover their carrying amount.

Costs relating to research and development are charged as expenses as they accrue. R&D costs are capitalised in the statement of financial position, when it can be demonstrated that the relevant R&D projects carry economic benefits, that they can be technically finalised, and that the company intends to and is financially able to reap the economic benefits.

Capitalised R&D costs are recognised at acquisition cost less accumulated depreciation and write-downs. Capitalised R&D costs are depreciated in a straight line over the asset's estimated period of use.

**Sea farming licences**, which are purchased either as part of an acquisition or business combination according to IFRS 3, are capitalised at cost less accumulated write-downs. Sea farming licences in the Faroe Islands are considered perpetual, given that certain preconditions regarding environmental protection and animal welfare are met. Consequently, sea farming licences are not depreciated systematically, but are subject to an annual impairment test. If the carrying amount exceeds the recoverable amount, licences are considered impaired, and write-downs are entered and charged to the Income Statement.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be appropriate. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Bakkafrost operates its sea farming activity in 13 identifiable CGUs based on single or groups of sea farming licenses.

Seven out of these licenses are issued by the government without consideration, and hence are not capitalised. These belong to the North region.

The other six CGUs are acquired as part of business combinations. Respectively, when acquiring the

Vestlax Group and the Havsbrún Group, hence two groups of CGUs. These are belonging to the West region. Bakkafrost considers these as significant in comparison to Bakkafrost's total carrying amount of goodwill and intangible assets with indefinite useful lives. Bakkafrost has decided to disclose specific information concerning these two groups of CGUs.

### Licenses with indefinite useful lives

The sea farming licenses in the Faroe Islands are defined as the right to utilise a given area of fjords for farming fish. There are no provisions as to the maximum allowed biomass at the given site, but the legislation has imposed strict measures to regulate the farming activity in order to be environmentally sustainable.

The sea farming licenses are issued with a nominal lifespan of 12 years. Licenses are renewed, unless there is a specific reason against renewal, based on failure to fulfil the veterinary conditions set by the authorities. In connection with renewal of licenses, authorities may only decline renewal if specific legislation on area planning, animal welfare or environmental protection is in conflict with renewal of the licenses. Special emphasis is to be placed on the fact, that it is renewals of existing licenses.

This actually means that sea farming licenses are operated in a 12-year rolling lifespan system, where the licenses are renewed every 12<sup>th</sup> year. In the very rare cases, where the authorities have declined to renew licenses in order the use locations for other purposes, the farmers have obtained licenses from the authorities at other locations.

Bakkafrost has therefore decided to account for sea farming licenses, which are capitalised, following the provisions for intangible rights with indefinite useful lives.

### GOODWILL

When the company assumes control over a separate business entity for a consideration that exceeds the fair value of the individual assets, the difference is entered as goodwill in the statement of financial position.

Goodwill deriving from purchases of subsidiaries and associates is presented under intangible assets.

Goodwill is not depreciated, but is tested for impairment annually or more often if there are indications that its value is lower than the carrying amount. When assessing the need to write-down goodwill, this is assigned to relevant cash flow generating

units or groups, which are expected to benefit from the acquisition.

Write-downs are performed in accordance with an assessment of the recoverable value of each of the cash-flow generating units to which the goodwill is assigned. To identify the Group's cash-flow generating units, the assets are grouped according to the lowest level to which separate and independent

cash flows may be ascribed. Recoverable value is calculated on the basis of value in use. This is arrived at by estimating future cash flows. Please refer to Note 9 for further description.

If the calculated value in use is less than the carrying amount of the cash-flow generating unit, goodwill is written down first, and then other assets as required.

## Intangible assets

DKK 1,000	Goodwill	Licences	TOTAL
Acquisition costs as at 01.01.15	4,537	290,138	294,675
<b>Acquisition costs as at 31.03.15</b>	<b>4,537</b>	<b>290,138</b>	<b>294,675</b>
Impairment 01.01.15	0	0	0
<b>Accumulated depreciation and write-downs as at 31.03.15</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value as at 31.03.15</b>	<b>4,537</b>	<b>290,138</b>	<b>294,675</b>
Acquisition costs as at 01.01.14	4,537	290,138	294,675
<b>Acquisition costs as at 31.12.14</b>	<b>4,537</b>	<b>290,138</b>	<b>294,675</b>
Impairment 01.01.14	0	0	0
<b>Accumulated depreciation and write-downs as at 31.12.14</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value as at 31.12.14</b>	<b>4,537</b>	<b>290,138</b>	<b>294,675</b>

## IMPAIRMENT TEST

The Group tests intangible assets annually for impairment, or more frequently if there are indications that the assets are impaired. The annual impairment test is performed at year-end. Bakkafrost has substantial assets with indefinite lives in the form of licenses. The licenses are subject to impairment testing in combination with goodwill in the annual test. Bakkafrost identifies each farming zone, which may contain one or a number of licences or farming sites as one cash-generating unit.

### The procedure of impairment testing

Impairment testing is carried out by calculating the net present value of estimated future cash flows (value in use) for the cash-generating unit, in line with IAS 36, and comparing the net present value of the cash flow towards the carrying amount of net assets held by the cash-generating unit (CGU). The cash flow used in the calculations represents the management's best estimate at the time of reporting. If the carrying amount is higher than the calculated value in use, the assets are considered impaired. The estimated cash flow is based on the assumption of continued operation. The basis for the estimated cash flow is the strategic plan for the following years. The strategic

plans have been reviewed and the targets approved by the Group management.

All CGUs have the same operating assumptions since the operating conditions are predominantly the same all over the Faroe Islands. The considered operating conditions are costs of feed, smolt, harvest, packaging, transport and other costs. Other operating conditions considered the same are mortality, production time, fallowing and harvest weight. CAPEX is also assumed to be the same for all CGUs over the calculated period. All CGUs are calculated with the same WACC. If there will be variances between the assumptions for the different CGUs in the future, this will be incorporated into the impairment test.

### Indications of impairment

The impairment testing at year-end did not result in identification of impairment losses. Intangible assets were tested for impairment to evaluate if the cash flow from a conservative estimate was sufficient to support the carrying amount of net assets. The test confirmed the asset values.

### The key assumptions

The key assumptions in the calculations of value in use are harvest volume, prices and costs, hence EBIDTA and WACC. Amongst other assumptions are inflation, CAPEX and terminal growth.

In general, the value in use has been determined based on future strategic plans considering the expected development in both macroeconomic and company-related conditions.

The assumptions used rest on uncertainty with regard to product prices, input prices, biological performance and future regulatory frameworks. Costs can normally be estimated with a higher degree of accuracy than income. As profitability in the salmon farming industry historically has been very volatile, depending on developments in the prices of salmon. Bakkafrost uses budgets and long-term plans for the first five years of the analysis, but returns to long-term historic averages for profitability in the sixth year and terminal period.

The key assumptions used in determining the value in use are:

- Harvested volume is based on the current stocking plans for each unit, and forecasted figures for growth, assumed harvest weight and mortality, based on historical figures.
- The costs are based on Bakkafrost's own assumptions based on historical costs and expectations. The costs are expected to remain stable, but are calculated to increase with an inflation rate of 2%.
- The forward prices are based on the Fish Pool index, which is a part of Oslo Børs ASA, at the day of the calculation. The long-term forward prices are based on third-parties sources.
- The WACC is 10.8% pre-tax and calculated in accordance with IAS 36. The WACC model is used for estimating the discount rate. The input data for the model is updated every year for the annual impairment test. The choice of input data for the model significantly influences the outcome of the model, and to ensure that there is as little uncertainty as possible with regards to the calculation of the WACC, third-party sources are used

where available (interest, inflation, beta). The discount rate is based on a five-year average for ten-year bonds issued by the Danish government, with an adjustment margin for the food industry in the EU.

- The inflation is set to 2% for the budget period. This is done based on third-parties sources.
- The terminal growth is set to 0%. The terminal growth – growth after the 5<sup>th</sup> year – is set lower than the expected growth rates in the first 5 years and also lower than the historic growth rate in salmon demand.
- Capital expenditure (CAPEX). In the 5-year forecast period, the capital expenditure necessary to meet the expected growth in revenue and profit is taken into consideration. Capital expenditures are aligned with the growth and replacement plans. Capital expenditure to comply with current laws and regulations has been included. Capex related to committed and approved efficiency improvement programs has also been included to support the inclusion of the benefits in the applied margin. Changes in applicable laws and regulations may affect future estimated capital expenditure needs; this is not reflected in the figures used in the impairment test. Beyond the forecast period, capital expenditure will in general equal depreciation and relate to maintenance investments.

### Sensitivity

In connection with the impairment testing of intangible assets, a sensitivity analysis has been carried out. Sensitivity analysis has been performed for each of the defined cash generating units. With the assumptions used, the headroom is 511 mDKK.

- A change of +4% on the total costs, or fall in long-term sales prices of -4% would cause the first impairment.
- A change in the EBITDA margin of +/- 1% would affect the headroom with +/- 94 mDKK.
- A change in WACC of +1% would affect the headroom with -175 mDKK, and a change in WACC of -1% would affect the headroom with 237 mDKK.

## Specification of CGUs - Booked value tested and sensitivity

The CGUs tested are in the West region.

### Sensitivity analyses and booked value per CGU as per 31-12-14

CGUs (1,000)	Licenses	Other assets***	Total booked value tested	WACC	Number of smolts	EBITDA change of +/-1%	WACC change of -1%	WACC change of + 1%
Vestlax acquisition*	132,706	526,116	658,822	10.8%	6,400	65,564	181,995	-102,513
Havsbrún acquisition**	157,430	231,021	388,451	10,8%	2,800	28,685	55,106	-72,189
<b>TOTAL</b>	<b>290,136</b>	<b>757,137</b>	<b>1,047,273</b>	<b>10.8%</b>	<b>9,200</b>	<b>94,249</b>	<b>237,101</b>	<b>-174,702</b>

### Sensitivity analyses and booked value per CGU as per 31-12-13

CGUs (1,000)	Licenses	Other assets***	Total booked value tested	WACC	Number of smolts	EBITDA change of +/-1%	WACC change of -1%	WACC change of + 1%
Vestlax acquisition*	132,706	519,379	652,085	9.8%	6,300	71,368	249,576	-181,175
Havsbrún acquisition**	157,430	176,818	334,248	9.8%	2,100	23,790	83,207	-60,406
<b>TOTAL</b>	<b>290,136</b>	<b>696,197</b>	<b>986,333</b>	<b>9.8%</b>	<b>8,400</b>	<b>95,158</b>	<b>332,783</b>	<b>-241,581</b>

\* 4 CGUs in license numbers A03, A05, A06, A25, A80 and A81. Acquired in 2010.

\*\* 2 CGUs in license number A71 and A82. Acquired in 2011.

\*\*\* Other assets consist of goodwill, PP&E, inventory, receivables, etc. that can be allocated to CGUs or are directly attributable to CGUs.

## Note 6. Segments

Farming segment DKK 1,000	Q1 2015	Q1 2014
External revenue	341,190	313,955
Internal revenue	130,108	204,157
<b>Total revenue</b>	<b>471,298</b>	<b>518,112</b>
Operating expenses	-259,202	-317,397
Depreciation and amortisation	-17,112	-14,531
<b>Operational EBIT</b>	<b>194,984</b>	<b>186,184</b>
Fair value adjustments on biological assets	-54,936	-113,780
Income from associates	-4,709	-11,216
<b>Earnings before interest and taxes (EBIT)</b>	<b>135,339</b>	<b>61,188</b>
Net interest revenue	-798	389
Net interest expenses	-1,425	-1,844
Net currency effects	-4,974	-8,527
Other financial expenses	-1,462	-1,027
<b>Earnings before taxes (EBT)</b>	<b>126,680</b>	<b>50,179</b>
Taxes	-19,929	-17,305
<b>Profit or loss for the period</b>	<b>106,751</b>	<b>32,874</b>

Value added products – VAP segment DKK 1,000	Q1 2015	Q1 2014
<b>External revenue</b>	<b>189,095</b>	<b>232,252</b>
Internal purchase of raw material	-130,108	-204,157
Operating expenses	-35,321	-35,638
Depreciation and amortisation	-1,802	-1,920
<b>Operational EBIT</b>	<b>21,864</b>	<b>-9,463</b>
Provision for onerous contracts	0	70,887
<b>Earnings before interest and taxes (EBIT)</b>	<b>21,864</b>	<b>61,424</b>
Net interest revenue	1,575	1
Net interest expenses	-2	-875
Net currency effects	-3	0
Other financial expenses	-4	-8
<b>Earnings before taxes (EBT)</b>	<b>23,430</b>	<b>60,542</b>
Taxes	-4,217	-10,898
<b>Profit or loss for the period</b>	<b>19,213</b>	<b>49,644</b>

Fishmeal, Fish Oil and Fish Feed – FOF segment	Q1	Q1
DKK 1,000	2015	2014
External revenue	82,912	85,104
Internal revenue	122,016	92,948
<b>Total revenue</b>	<b>204,928</b>	<b>178,052</b>
Purchase of goods	-100,268	-119,833
Operating expenses	-42,096	-36,055
Depreciation and amortisation	-7,338	-6,123
<b>Operational EBIT</b>	<b>55,226</b>	<b>16,041</b>
Income from associates	1,842	4,119
<b>Earnings before interest and taxes (EBIT)</b>	<b>57,068</b>	<b>20,160</b>
Net interest revenue	157	209
Net interest expenses	-6,312	-5,818
Net currency effects	2,406	76
Other financial expenses	-70	-88
<b>Earnings before taxes (EBT)</b>	<b>53,249</b>	<b>14,539</b>
Taxes	-9,585	-2,617
<b>Profit or loss for the period</b>	<b>43,664</b>	<b>11,922</b>

Reconciliation of reportable segments to Group earnings before taxes (EBT)	Q1	Q1
DKK 1,000	2015	2014
Farming	126,680	50,179
VAP (Value added products)	23,430	60,542
FOF (Fishmeal, Fish Oil and Fish Feed)	53,249	14,539
Eliminations	-37,203	-7,260
<b>Group earnings before taxes (EBT)</b>	<b>166,156</b>	<b>118,000</b>

Assets and liabilities per segment	Q1	End
DKK 1,000	2015	2014
Farming	3,757,903	3,305,566
VAP (Value added products)	211,436	187,328
FOF (Fishmeal, Fish Oil and Fish Feed)	851,416	754,904
Eliminations	-1,211,063	-784,865
<b>Total assets</b>	<b>3,609,692</b>	<b>3,462,933</b>
Farming	-986,206	-753,064
VAP (Value added products)	-13,231	-7,949
FOF (Fishmeal, Fish Oil and Fish Feed)	-702,298	-545,308
Eliminations	309,473	-92,959
<b>Total liabilities</b>	<b>-1,392,262</b>	<b>-1,399,280</b>

## Note 7. Harvest and Sales FOF

Distribution of harvested volumes (tgv)	Q1 2015	Q1 2014
Harvested volume used in VAP production	4,432	5,052
Harvested volume sold fresh/frozen	5,294	4,217
<b>Harvested and purchased volumes (tgv)</b>	<b>9,726</b>	<b>9,269</b>

Harvested volumes (tgv)	Q1 2015	Q1 2014
Farming North	7,185	321
Farming West	2,541	8,948
<b>Total harvested volumes (tgv)</b>	<b>9,726</b>	<b>9,269</b>

Distribution of harvested volumes (tgv)	Q1 2015	Q1 2014
Harvested volume used in VAP production	46%	55%
Harvested volume sold fresh/frozen	54%	45%
<b>Harvested and purchased volumes (tgv)</b>	<b>100%</b>	<b>100%</b>

Sales FOF volumes (tonnes)	Q1 2015	Q1 2014
Feed internal	12,410	10,598
Feed external	1,990	3,358
<b>Feed total (tonnes)</b>	<b>14,400</b>	<b>13,956</b>
<b>Fishmeal external (tonnes)</b>	<b>5,351</b>	<b>3,637</b>
<b>Fish oil external (tonnes)</b>	<b>1</b>	<b>3,314</b>

## 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 477 million. DKK 115 million is related to the

building of the new wellboat, DKK 222 million is related to building of the new harvest and VAP factory, and DKK 113 million is related to the building of the hatchery station.

## Note 9. Transactions with related parties

Note 27 in Bakkafrost's Annual Report for 2014 provides detailed information on related parties' transactions.

Faroe Farming, an associated company, purchased for DKK 10.5 million from Bakkafrost in Q1 2015. Bakkafrost purchased raw material amounting to DKK 71.8 million from Faroe Farming in Q1 2015.

At the end of Q1 2015, Faroe Farming owed DKK 16.9 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 2.13 and Note 14 in the Annual Report 2014.

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).

There have been no transfers into or out of Level 3 fair value measurements.

As at March 31<sup>st</sup>, 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	221	500	221	0	0
Biological assets (biomass)	974,351	744,430	0	0	974,351
<b>Assets measured at fair value 31.03.15</b>	<b>974,572</b>	<b>744,430</b>	<b>221</b>	<b>0</b>	<b>974,351</b>
<b>Liabilities measured at fair value 31.03.15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Financial assets	233	500	233	0	0
Biological assets (biomass)	1,013,959	729,104	0	0	1,013,959
<b>Assets measured at fair value 31.12.14</b>	<b>1,014,192</b>	<b>729,604</b>	<b>233</b>	<b>0</b>	<b>1,013,959</b>
<b>Liabilities measured at fair value 31.12.14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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