

P/F Bakkafrost

Condensed Consolidated Interim Report for Q3 2015 and First Nine Months 2015

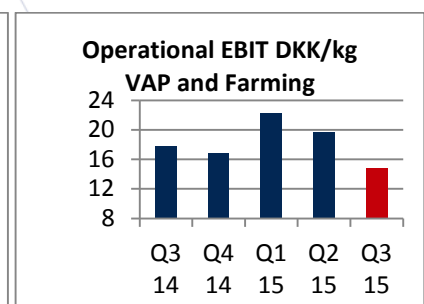
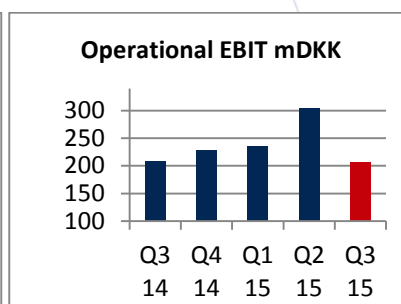
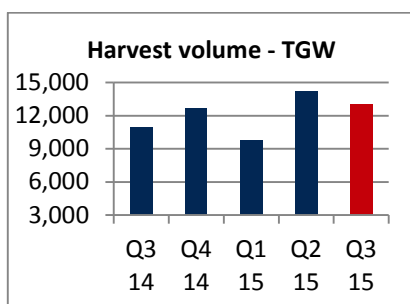


Table of Contents

Highlights.....	2
Summary of the 3 rd Quarter 2015 and First Nine Months 2015	3
Financial Review.....	5
Outlook	9
Risks.....	10
Events after the Date of the Statement of Financial Position.....	10
Consolidated Income Statement	11
Consolidated Statement of Comprehensive Income.....	12
Consolidated Statement of Financial Position	13
Consolidated Cash Flow Statement	15
Consolidated Statement of Changes in Equity	16
Notes to the Account.....	17
Contacts	27

Highlights

DKK 1,000	Q3 2015	Q3 2014	YTD 2015	YTD 2014
INCOME STATEMENT, SEGMENTS AND CASH FLOW				
Group - Operating revenue	677,484	584,113	2,090,628	1,926,026
Group - Operational EBIT*	205,769	208,700	744,059	606,317
Group - Profit for the period	168,055	211,274	491,549	424,664
Operational EBIT (Farming and VAP)(DKK)	191,854	193,385	688,595	550,091
Operational EBIT*/kg (Farming and VAP)(DKK)	14.78	17.77	18.67	17.54
Operational EBIT*/kg (Farming and VAP) (NOK)	18.10	19.73	22.03	19.48
Farming - Operating revenue	558,419	435,421	1,638,710	1,469,111
Farming - Operational EBIT*	182,833	166,869	626,219	512,577
Farming - Operational EBIT margin	33%	38%	38%	35%
Farming - Operational EBIT/kg (DKK)	14.08	15.34	16.98	16.34
Farming - Operational EBIT/kg (NOK)	17.25	17.02	20.03	18.15
VAP - Operating revenue	166,772	155,178	546,619	654,381
VAP - Operational EBIT*	9,021	26,516	62,376	37,514
VAP - Operational EBIT margin	5%	17%	11%	6%
VAP - Operational EBIT/kg (DKK)	2.41	6.10	4.68	2.33
VAP - Operational EBIT/kg (NOK)	2.95	6.77	5.52	2.58
FOF - Operating revenue	320,279	287,369	808,728	745,538
FOF - EBITDA	41,696	61,660	157,264	140,775
FOF - EBITDA margin	13.02%	21.46%	19.45%	18.88%
Cash flow from operations	366.815	280.415	773.368	696.548
DKK/NOK (average)	81.66	90.09	84.74	90.04
FINANCIAL POSITION				
Total Assets**	3,569,933	3,462,933	3,569,933	3,462,933
Equity**	2,260,290	2,063,653	2,260,290	2,063,653
Equity ratio**	63%	60%	63%	60%
Net interest bearing debt (incl. fin. derivatives)**	181,690	232,711	181,690	232,711
PROFITABILITY				
Basic earnings per share (DKK)	3.44	4.36	10.13	8.74
Diluted earnings per share (DKK)	3.44	4.36	10.13	8.74
ROE***	7.7%	11.9%	22.4%	23.9%
ROCE (for the last quarters)****	6.3%	8.7%	22.7%	25.2%
ROCE (for the last 4 quarters)	31.7%	31.6%	31.7%	31.6%
ROIC (for the last quarter)*****	8.8%	13.1%	28.7%	30.8%
ROIC (for the last 4 quarters)	43.0%	38.4%	43.0%	38.4%
VOLUMES				
Harvested volume (tonnes gutted weight)	12,982	10,881	36,890	31,362
VAP produced volume (tonnes gutted weight)	3,745	4,350	13,334	16,122
Sold feed tonnes	27,011	29,808	59,068	62,591

* 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 3rd Quarter 2015 and First Nine Months 2015

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

The Bakkafrost Group delivered a total operating EBIT of DKK 205.8 million in Q3 2015. Harvested volumes were 13 thousand tonnes gutted weight in Q3 2015. The combined farming and VAP segments made an operational EBIT of DKK 191.9 million in Q3 2015. The Farming segment made an operational EBIT of DKK 182.8 million. The global salmon spot prices increased during the quarter, consequently the VAP segment made an operational EBIT of DKK 9.0 million in Q3 2015. The EBITDA for the FOF segment was DKK 41.7 million in Q3 2015.

The Group made a profit for the quarter of DKK 168.1 million (DKK 211.2 million). For the first nine months of 2015, the profit was DKK 491.6 million (DKK 424.7 million).

The total volumes harvested in Q3 2015 were 12,982 tonnes gutted weight (10,881 tgw). Total harvested volumes the first nine months of 2015 were 36,890 tonnes gutted weight (31,362 tgw). The increased volumes are as planned. Bakkafrost will harvest higher volumes in 2015, compared to the year before.

Bakkafrost transferred 2.8 million smolts in Q3 2015 (2.2 million), which is in line with the company's plans. The first nine months of 2015, Bakkafrost has transferred 6.4 million smolts (7.2 million).

The combined farming and VAP segments made an operational EBIT of DKK 191.9 million (DKK 193.4 million) in Q3 2015. For the first nine months of 2015, the combined farming and VAP segment made an operational EBIT of DKK 688.6 million (DKK 550.1 million).

The farming segment made an operational EBIT of DKK 182.8 million (DKK 166.9 million) in Q3 2015. The harvested volumes are higher in Q3 2015, compared to Q3 2014, while operational EBIT margin was lower, mainly due to increased cost. For the first nine months of 2015, the operational EBIT was DKK 626.2 million (DKK 512.6 million).

The VAP segment made an operational EBIT of DKK 9.0 million (DKK 26.5 million) for Q3 2015. The operational EBIT in the VAP segment decreased due to higher prices on raw material in the

quarter. For the first nine months of 2015, the operational EBIT was DKK 62.4 million (DKK 37.5 million).

The FOF segment (fishmeal, oil and feed) made an operational EBITDA of DKK 41.7 million (DKK 61.7 million) in Q3 2015. This corresponds to an operational EBITDA margin of 13.0% (21.5%). The operational EBITDA was DKK 157.3 million for the first nine months of 2015 (DKK 140.8 million), corresponding to an EBITDA margin of 19.5% (18.9%) for the first nine months of 2015.

In Q3 2015, Havsbrún sourced 10,417 tonnes of raw material (19,782 tonnes) and for the first nine months of 2015, Havsbrún sourced 171,432 tonnes of raw material (171,313 tonnes).

The live fish carrier "*Hans á Bakka*" was delivered to Bakkafrost in Q3 2015. The capacity is 450 tonnes of live fish, and the ship is equipped with state of the art technology. The investment in "*Hans á Bakka*" will increase transport capacity and at the same time reduce biological risks. Following the delivery, finalising instalment of equipment and required tests were carried out in Q3 2015.

The Bakkafrost Group's net interest bearing debt amounted to DKK 181.7 million at the end of Q3 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 802.3 million, of which DKK 18.1 million were restricted at the end of Q3 2015.

Bakkafrost's equity ratio at 30 September 2015 is 63%, compared with 60% at the end of 2014.

Farming and VAP performance per kg

	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Operational EBIT/kg				
Farming EBIT/kg (DKK)	14.08	15.34	16.98	16.34
Farming EBIT/kg (NOK)	17.25	17.02	20.03	18.15
VAP EBIT/kg (DKK)	2.41	6.10	4.68	2.33
VAP EBIT/kg (NOK)	2.95	6.77	5.52	2.58

Smolt transfer

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

Financial Review

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

Income Statement

The operating revenues amounted to DKK 677.5 million in Q3 2015 (DKK 584.1 million). The increase in revenue is mainly due to higher volumes in the Farming segment. For the first nine months of 2015, the operating revenues amounted to DKK 2,090.6 million (DKK 1,926.0 million).

Operational EBIT in Q3 2015 was DKK 205.8 million (DKK 208.7 million). Although higher volumes in the Farming segment, the operational EBIT decreased due to all segments had lower operational EBIT margin in Q3 2015, compared with Q3 2014. For the first nine months of 2015, the operational EBIT was DKK 744.1 million (DKK 606.3 million).

The fair value adjustment of the Group's biological assets amounted to DKK -17.6 million in Q3 2015 (DKK 60.4 million). The negative adjustment is due to lower salmon spot prices in DKK at the end of Q3 2015, compared with the beginning of the quarter. For the first nine months of 2015, the fair value adjustment amounted to DKK -110.6 million (DKK -63.2 million).

No changes were made to the provisions of onerous contracts in Q3 2015, similar to Q3 2014, as no contracts were onerous at the beginning and at the end of the quarter. For the first nine months of

2015, no changes were made to the provisions of onerous contracts (DKK 70.9 million).

In Q3 2015, there was a profit from associated companies amounting to DKK 0.1 million (DKK 0.1 million). For the first nine months of 2015, the loss from associated companies amounted to DKK -13.6 million (DKK 3.1 million).

Net interests in Q3 2015 were DKK 23.3 million (DKK -14.1 million), whereof a positive unrealised exchange rate adjustment of DKK 32.7 million relating to the bond loan of NOK 500 million is posted in Q3 2015. Net interests for the first nine months were DKK -5.0 million (DKK -32.0 million).

Net taxes in Q3 2015 amounted to DKK -43.5 million (DKK -43.9 million). For the first nine months of 2015, net taxes amounted to DKK -123.3 million (DKK -160.4 million).

The result for Q3 2015 was DKK 168.1 million (DKK 211.3 million) and for the first nine months of 2015, the result was DKK 491.5 million (DKK 424.7 million).

Harvested volumes

	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Harvested volumes (t _{gw})				
Farming North	3,846	9,848	22,712	18,043
Farming West	9,136	1,033	14,178	13,319
Total harvested volumes (t_{gw})	12,982	10,881	36,890	31,362

Segments

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

Bakkafrost has three operating segments: Farming, VAP (value added products) and FOF (fishmeal, fish oil and fish feed). The fresh/frozen salmon

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

Distribution of harvested volumes (tgv)	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Harvested volume used in VAP production	29%	39%	34%	48%
Harvested volume sold fresh/frozen	71%	61%	66%	52%
Harvested and purchased volumes (tgv)	100%	100%	100%	100%

Of the total harvested volumes in Q3 2015, 29% (39%) went for the production of VAP products, and 71% (61%) were sold as whole gutted salmon. For the first nine months of 2015, 34% (48%) went to production of VAP products, and 66% (52%) were sold as whole gutted salmon. In addition to the harvested volumes that went for the VAP production, Bakkafrost also sourced some salmon from a third party, as in previous quarters.

Farming:

In Q3 2015, the operating revenue for Bakkafrost's farming segment was DKK 558.4 million (DKK 435.4 million). The operating revenue for the farming segment for the first nine months of 2015 was DKK 1,638.7 million (DKK 1,469.1 million).

Operational EBIT, which is EBIT before fair value adjustments on biological assets, provisions for onerous contracts and income from associates, amounted to DKK 182.8 million in Q3 2015 (DKK 166.9 million). For the first nine months of 2015, operational EBIT was DKK 626.2 million (DKK 512.6 million).

Operational EBIT/kg for the farming segment was DKK 14.08 (NOK 17.25) in Q3 2015, compared with DKK 15.34 (NOK 17.02) in Q3 2014. The lower margin is mainly due to higher costs of harvested fish in Q3 2015, than Q3 2014. Prices achieved by Bakkafrost, however, have been higher in Q3 2015, than in Q3 2014. Operational EBIT/kg for the first nine months of 2015 was DKK 16.98 (NOK 20.03), compared with DKK 16.34 (NOK 18.15) for the first nine months of 2014.

Value Added Products (VAP):

The operating revenue for the VAP segment amounted to DKK 166.8 million (DKK 155.2 million)

in Q3 2015. The increase in revenue is because of higher volumes sold in Q3 2015, compared with Q3 2014. For the first nine months of 2015, operating revenue was DKK 546.6 million (DKK 654.4 million).

Operational EBIT amounted to DKK 9.0 million (DKK 26.5 million) in Q3 2015, corresponding to an operational EBIT of DKK 2.41 (NOK 2.95) per kg gutted weight in Q3 2015, compared with DKK 6.10 (NOK 6.77) per kg gutted weight in Q3 2014. The decrease in the operational EBIT margins is due to higher prices on raw material. The VAP segment purchases its raw material (fresh salmon) at spot prices each week. For the first nine months of 2015, operational EBIT amounted to DKK 62.4 million (DKK 37.5 million), corresponding to an operational EBIT of DKK 4.68 (NOK 5.52) per kg gutted weight for the first nine months of 2015, compared with an operational EBIT of DKK 2.33 (NOK 2.58) per kg gutted weight for the first nine months of 2014.

FOF (Fishmeal, Fish Oil and Fish Feed):

The operating revenue for the FOF segment amounted to DKK 320.3 million (DKK 287.4 million) in Q3 2015, of which DKK 241.7 million (DKK 200.6 million) represents sales to Bakkafrost's farming segment, corresponding to 75.5% (69.8%). For the first nine months of 2015, the revenue amounted to DKK 808.7 million (DKK 745.5), of which DKK 522.4 million (DKK 440.3 million) represents sales to Bakkafrost's farming segment and corresponds to 64.6% (59.1%).

Operational EBITDA was DKK 41.7 million (DKK 61.7 million) in Q3 2015, and the operational EBITDA margin was 13.0% (21.5%). 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 prices on fishmeal and fish oil increased rapidly at the end of 2014, peaked in Q1 2015, and have decreased afterwards in 2015. The high margins in the FOF segment during the first half of 2015 were mainly related to favourable prices on raw material purchased in 2014. This diminishing effect on margins seen in Q2 2015, continued in Q3 2015. For the first nine months of 2015, the operational EBITDA was DKK 157.3 million (DKK 140.8 million), corresponding to an EBITDA margin of 19.5% (18.9%).

Sales of feed amounted to 27,011 tonnes (29,808 tonnes) in Q3 2015, of which the farming segment internally used 24,071 tonnes (23,587 tonnes) or 89.1% (79.1%). For the first nine months of 2015, the feed sale was 59,068 tonnes (62,591 tonnes). The internal sale to the farming segment was 52,032 tonnes (48,969 tonnes) the first nine months of 2015, corresponding to 88.1% (78.2%).

Statement of Financial Position

(Figures in parenthesis refer to end last year)

The Group's total assets as at end Q3 2015 amounted to DKK 3,569.9 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 1,345.5 million at the end of Q3 2015, compared with DKK 1,041.2 million at the end of 2014. In Q3 2015, Bakkafrost made investments in PP&E amounting to DKK 204.0 million, and for the first nine months of 2015, investments in PP&E were made for DKK 383.6 million.

Non-current financial assets amounted to DKK 112.9 million at the end of Q3 2015, compared with DKK 125.4 million at the end of 2014.

Bakkafrost has no long-term receivables at the end of Q3 2015, coming down from DKK 1.3 million at end 2014.

The Group's carrying amount (fair value) of biological assets amounted to DKK 947.4 million at the end of Q3 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 ad-

In Q3 2015, Havsbrún received 10,417 tonnes (19,782 tonnes) of raw material for the production of fishmeal and fish oil. For the first nine months of 2015, Havsbrún received 171,432 tonnes (171,313 tonnes) of raw material.

The production of fishmeal in Q3 2015 was 2,808 tonnes (4,219 tonnes). For the first nine months of 2015, Havsbrún produced 35,696 tonnes (36,158 tonnes) of fishmeal.

The production of fish oil in Q3 2015 was 1,045 tonnes (3,011 tonnes). For the first nine months of 2015, Havsbrún produced 3,682 tonnes (4,671 tonnes) of fish oil. The production of fish oil varies, depending on the species of fish sourced for production and timing of catch. The species of fish sourced and the timing of catch in 2015 is similar to 2014.

justment amounting to DKK 174.2 million, compared with DKK 284.9 million at the end of 2014. The decrease is due to lower salmon prices at the end of Q3 2015, compared to end 2014, but also due to seasonal lower biomass at sea.

The Group's total inventories amounted to DKK 297.1 million as at end Q3 2015, compared with DKK 267.0 million at year-end 2014. 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 128.1 million as at end Q3 2015, compared with DKK 172.4 million at the end of 2014.

The Group's equity at the end of Q3 2015 amounted to DKK 2,260.3 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 nine months of 2015 and the dividend paid out in April 2015.

The Group's total non-current liabilities amounted to DKK 1,046.5 million at the end of Q3 2015, compared with DKK 1,036.3 million at the end of 2014.

Deferred and other taxes at the end of Q3 2015 amounted to DKK 529.8 million, compared with DKK 414.0 million at the end of 2014. Most of the payable tax will be paid in Q4.

Long-term debt was DKK 389.4 million at the end of Q3 2015, compared with DKK 505.4 million at the end of 2014. Derivatives amounted to DKK 127.3 million at the end of Q3 2015, compared with DKK 116.9 million at the end of 2014.

Bakkafrost's interests bearing debt consists of a bank loan and a bond loan. Bakkafrost's bank loan is an overdraft facility, payable in 2016 with the full amount of DKK 553 million. The overdraft facility is nearly undrawn at 30 September 2015. 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 ex-

change 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 Q3 2015, the Group's total current liabilities are DKK 263.1 million, compared with DKK 362.9 million at the end of 2014. Accounts payable amount to DKK 263.1 million, compared with DKK 262.9 million at the end of 2014.

Bakkafrost's equity ratio is 63% at the end of Q3 2015, compared with 60% at the end of 2014.

Cash Flow

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

The cash flow from operations in Q3 2015 was DKK 366.8 million (DKK 280.4 million). The changes in the working capital had a positive effect on the cash flow from operations in Q3 2015. For the first nine months of 2015, the cash flow from operations was DKK 773.4 million (DKK 696.5 million).

The cash flow from investment activities in Q3 2015 amounted to DKK -204.0 million (DKK -47.4 million). The amount relates mainly to investments in property, plant and equipment, among them the live fish carrier "Hans á Bakka", which was delivered in Q3 2015. For the first nine months of 2015, the cash flow from investments amounted to DKK -382.3 million (DKK -153.1 million).

Cash flow from financing activities totalled DKK -208.4 million in Q3 2015 (DKK -127.4 million). The

interest bearing debt decreased by DKK 153.1 million and had a negative effect on cash flow from financing. Likewise, financing of an associated company contributed negatively with DKK 50.0 million. For the first nine months of 2015, cash flow from financing amounted to DKK -546.0 million (DKK -357.1 million).

Net change in cash flow in Q3 2015 amounted to DKK -45.6 million (DKK 105.6 million) and for the first nine months of 2015, DKK -154.9 million (DKK 186.3 million).

At the end of Q3 2015, Bakkafrost had unused credit facilities of approximately DKK 802.3 million of which DKK 18.1 million are restricted.

Outlook

Market

The global demand in the salmon market continues with strong growth rates. The markets are affected differently by the currency development during the year. Expected global supply growth in 2015 is around 4% and 0% in 2016. Production capacity is close to full utilization and further expansion relates to high investments.

The Russian ban on EU- and Norwegian salmon implemented in August 2014 gave temporary challenges to move volumes between markets. The markets have adapted 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, the 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's expected harvest is 50,000 tonnes gutted weight in 2015. Bakkafrost expects to harvest 48,000 tonnes gutted weight in 2016.

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 forecast for smolt release for 2016 is 10.5 million.

The estimates for harvesting volumes and smolt releases are as always dependent on the biological situation.

VAP (Value added products)

The currency development during 2015 has had a negative effect on the competitive position in some markets. Bakkafrost has signed contracts covering around 78% of the VAP capacity for the rest of 2015. This corresponds to around 30% of the ex-

pected harvested volumes for the rest of 2015. The remaining 22% of the VAP capacity is expected to be committed during the period. 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 (Fishmeal, -oil and feed)

The outlook for the production of fishmeal and fish oil is dependent on the availability of raw material. The quotas for catching blue whiting in the North Atlantic are expected to be reduced and therefore, the production of fishmeal and fish oil are most likely to reduce in volume in 2016 from relatively high volumes in 2015.

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

Havsbrún's sales of fish feed in 2015 is expected to be at 79,000 tonnes. Depending on the purchase from external customers, the sales of fish feed in 2016 is expected to be 80,000 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 cost 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.

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.

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.

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.

Glyvrar, November 2nd 2015

The Board of Directors of P/F Bakkafrost

Rúni M. Hansen
Chairman of the Board

Johannes Jensen
Deputy Chairman of the Board

Øystein Sandvik
Board Member

Virgar Dahl
Board Member

Annika Frederiksberg
Board Member

Tor Magne Lønnum
Board Member

Consolidated Income Statement

For the period ended 30 September 2015

DKK 1,000	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Operating revenue	677,484	584,113	2,090,628	1,926,026
Purchase of goods	-286,020	-208,172	-853,203	-691,675
Change in inventory and biological assets (at cost)	73,486	90,834	269,574	119,185
Salary and personnel expenses	-60,201	-59,631	-200,882	-193,279
Other operating expenses	-172,254	-174,286	-482,755	-483,857
Depreciation	-26,726	-24,158	-79,303	-70,083
Operational EBIT *	205,769	208,700	744,059	606,317
Fair value adjustments on biological assets	-17,652	60,427	-110,630	-63,191
Onerous contracts	0	0	0	70,908
Income from associates	85	132	-13,578	3,110
Earnings before interest and taxes (EBIT)	188,202	269,259	619,851	617,144
Net interest revenue	963	1,289	2,376	2,578
Net interest expenses	-5,218	-7,615	-19,144	-24,123
Net currency effects	28,493	-6,313	17,292	-6,339
Other financial expenses	-928	-1,442	-5,504	-4,162
Earnings before taxes (EBT)	211,512	255,178	614,871	585,098
Taxes	-43,457	-43,904	-123,322	-160,434
Profit or loss for the period	168,055	211,274	491,549	424,664
Profit or loss for the year attributable to				
Non-controlling interests	0	0	0	0
Owners of P/F Bakkafrost	168,055	211,274	491,549	424,664
Earnings per share (DKK)	3.44	4.36	10.13	8.76
Diluted earnings per share (DKK)	3.44	4.36	10.13	8.76

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

Consolidated Statement of Comprehensive Income

For the period ended 30 September 2015

DKK 1,000	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Profit for the period	168,055	211,274	491,549	424,664
Fair value adjustment on financial derivatives	-34,331	20,871	-9,992	19,978
Income tax effect	5,237	-3,183	1,524	-3,047
Reserve to share based payment	230	545	692	545
Currency translation differences	-345	557	-473	476
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-29,209	18,790	-8,249	17,952
Proceeds/Acquisitions of treasury shares	-1,820	0	2,321	2,693
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-1,820	0	2,321	2,693
Other comprehensive income	-31,029	18,790	-5,928	20,645
Total other comprehensive income for the period	137,026	230,064	485,621	445,309
Comprehensive income for the period attributable to				
Non- controlling interests	0	0	0	0
Owners of P/F Bakkafrost	137,026	230,064	485,621	445,309

Consolidated Statement of Financial Position

As at 30 September 2015

DKK 1,000	30 Sept 2015	30 Sept 2014	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets	294,675	294,675	294,675
Property, plant and equipment	1,345,531	973,341	1,041,248
Financial assets	112,927	131,824	125,419
Long term receivables	0	14,441	1,291
Total non-current assets	1,753,133	1,414,281	1,462,633
Current assets			
Biological assets (biomass)	947,372	960,280	1,013,959
Inventory	297,090	285,768	266,960
Total inventory	1,244,462	1,246,048	1,280,919
Accounts receivable	128,086	184,016	172,360
Other receivables	194,037	114,373	141,912
Total receivables	322,123	298,389	314,272
Cash and cash equivalents	250,215	368,385	405,109
Total current assets	1,816,800	1,912,822	2,000,300
TOTAL ASSETS	3,569,933	3,327,103	3,462,933

Consolidated Statement of Financial Position

As at 30 September 2015

DKK 1,000	30 Sept 2015	30 Sept 2014	31 Dec 2014
EQUITY AND LIABILITIES			
Equity			
Share capital	48,858	48,858	48,858
Other equity	2,211,432	1,843,569	2,014,795
Total equity	2,260,290	1,892,427	2,063,653
Non-current liabilities			
Deferred and other taxes	529,831	451,185	414,014
Long-term interest bearing debts	389,430	583,400	505,393
Financial derivatives	127,255	54,243	116,928
Total non-current liabilities	1,046,516	1,088,828	1,036,335
Current liabilities			
Short-term interest bearing debt	0	100,000	100,000
Accounts payable and other debt	263,127	245,848	262,945
Total current liabilities	263,127	345,848	362,945
Total liabilities	1,309,643	1,434,676	1,399,280
TOTAL EQUITY AND LIABILITIES	3,569,933	3,327,103	3,462,933

Consolidated Cash Flow Statement

For the period ended 30 September 2015

DKK 1,000	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Earnings before interest and taxes (EBIT)	188,202	269,259	619,851	617,144
Adjustments for write-downs and depreciation	26,726	24,158	79,303	70,083
Adjustments for value adjustments on biomass	17,652	-60,427	110,630	63,191
Adjustments for income from associates	-85	-132	13,578	-3,110
Adjustments for currency effects	28,493	-6,309	19,732	-6,335
Taxes paid	-2,221	0	-6,174	0
Provision for onerous contracts	0	0	0	-70,908
Change in inventory	59,271	-88,786	-74,173	-107,857
Change in receivables	32,669	120,615	16,799	185,351
Change in current debts	16,108	22,037	-6,178	-51,011
Cash flow from operations	366,815	280,415	773,368	696,548
Cash flow from investments				
Payments made for purchase of property, plant and equipment	-204,048	-48,018	-383,586	-126,728
Sale/Purchase of shares	0	0	0	-13,409
Change in long-term receivables	0	594	1,314	-12,969
Cash flow from investments	-204,048	-47,424	-382,272	-153,106
Cash flow from financing				
Change of interest bearing debt (short and long)	-153,138	-90,985	-209,483	-105,124
Financial income	962	1,289	2,375	2,578
Financial expenses	-6,145	-9,057	-24,647	-28,285
Acquisition of treasury shares	-28	0	2,714	3,437
Financing of associate	-50,046	-28,660	-25,965	-11,580
Dividend paid	0	0	-290,985	-218,160
Cash flow from financing	-208,395	-127,413	-545,991	-357,134
Net change in cash and cash equivalents in period	-45,628	105,578	-154,895	186,308
Cash and cash equivalents – opening balance	295,843	262,807	405,110	182,077
Cash and cash equivalents – closing balance total	250,215	368,385	250,215	368,385

Consolidated Statement of Changes in Equity

As at 30 September 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
Equity 01.01.2015	48,858	306,537	-25,557	161	1,458	-95,882	293,148	284,855	1,250,075	2,063,653
Consolidated profit	0	0	0	0	0	0	0	110,630	380,919	491,549
<i>Other comprehensive income:</i>										
Fair value adjustment on financial derivatives	0	0	0	0	0	-9,992	0	0	0	-9,992
Income tax effect	0	0	0	0	0	1,524	0	0	0	1,524
Share-based payment	0	0	0	693	0	0	0	0	0	693
Currency translation differences	0	0	0	0	-473	0	0	0	0	-473
Total other comprehensive income	0	0	0	693	-473	-8,468	0	0	0	-8,248
Total comprehensive income	0	0	0	693	-473	-8,468	0	110,630	380,919	483,301
<i>Transaction with owners:</i>										
Treasury shares	0	0	4,321	0	0	0	0	0	0	4,321
Paid-out dividend	0	0	0	0	0	0	-293,148	0	2,163	-290,985
Total transaction with owners	0	0	4,321	0	0	0	-293,148	0	2,163	-286,664
Total changes in equity	0	0	4,321	693	-473	-8,468	-293,148	110,630	383,082	196,637
Total equity 30.09.2015	48,858	306,537	-21,236	854	985	-104,350	0	395,485	1,633,157	2,260,290
Equity 01.01.2014	48,858	306,537	-28,949	0	1,109	-61,409	219,862	296,402	882,867	1,665,277
Consolidated profit	0	0	0	0	0	0	0	-63,191	487,855	424,664
<i>Other comprehensive income:</i>										
Fair value adjustment on financial derivatives	0	0	0	0	0	19,978	0	0	0	19,978
Income tax effect	0	0	0	0	0	-3,047	0	0	0	-3,047
Share based payment	0	0	0	545	0	0	0	0	0	545
Currency translation differences	0	0	0	0	477	0	0	0	0	477
Total other comprehensive income	0	0	0	545	477	16,931	0	0	0	17,953
Total comprehensive income	0	0	0	545	477	16,931	0	-63,191	487,855	442,617
<i>Transaction with owners:</i>										
Treasury shares	0	0	0	2,693	0	0	0	0	0	2,693
Paid-out dividend	0	0	0	0	0	0	-219,862	0	1,702	-218,160
Total transaction with owners	0	0	0	2,693	0	0	-219,862	0	1,702	-215,467
Total changes in equity	0	0	0	3,238	477	16,931	-219,862	-63,191	489,557	227,150
Total equity 30.09.2014	48,858	306,537	-28,949	3,238	1,586	-44,478	0	233,211	1,372,424	1,892,427

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 31st 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.

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 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 31st 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 recognised amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets and some financial instruments, which are measured at fair value. Estimates and underlying assumptions are reviewed on an on-going basis and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur.

The accounting estimates are described in Note 3 to the financial statements in the Annual Report 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	30 Sept 2015	30 Sept 2014	End 2014
Biological assets carrying amount 01.01.	1,013,959	965,895	965,895
Increase due to production or purchases	910,799	823,361	1,106,337
Reduction due to harvesting or sale (costs of goods sold)	-869,844	-745,047	-1,029,122
Fair value adjustment at the beginning of the period reversed	-284,855	-296,402	-296,402
Fair value adjustments at the end of the period	174,226	233,211	284,855
Reversal of elimination at the beginning of the period	51,342	33,738	33,738
Eliminations	-48,255	-54,476	-51,342
Biological assets carrying amount at the end of the period	947,372	960,280	1,013,959
Cost price biological assets	800,809	765,399	764,675
Capitalised interest	20,592	16,146	15,771
Fair value adjustments at the end of the period	174,226	233,211	284,855
Eliminations	-48,255	-54,476	-51,342
Biological assets carrying amount	947,372	960,280	1,013,959
Biomass < 1 kg on average (tonnes)	1,746	2,367	1,834
Biomass 1 kg < 4 kg on average (tonnes)	12,847	17,244	11,194
Biomass > 4 kg on average (tonnes)	20,370	16,746	22,463
Volume of biomass at sea (tonnes)	34,963	36,357	35,491
Numbers of fish < 1 kg on average (thousand)	3,813	4,475	5,055
Numbers of fish 1 kg < 4 kg on average (thousand)	6,247	6,649	4,948
Numbers of fish > 4 kg on average (thousand)	3,539	2,937	4,537
Total number of fish (thousand)	13,599	14,061	14,540

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 12th 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
Acquisition costs as at 30.09.15	4,537	290,138	294,675
Impairment 01.01.15	0	0	0
Accumulated depreciation and write-downs as at 30.09.15	0	0	0
Net book value as at 30.09.15	4,537	290,138	294,675
Acquisition costs as at 01.01.14	4,537	290,138	294,675
Acquisition costs as at 31.12.14	4,537	290,138	294,675
Impairment 01.01.14	0	0	0
Accumulated depreciation and write-downs as at 31.12.14	0	0	0
Net book value as at 31.12.14	4,537	290,138	294,675

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, following 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 5th 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 DKK 511 million.

- 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 +/- DKK 94 million.
- A change in WACC of +1% would affect the headroom with DKK -175 million, and a change in WACC of -1% would affect the headroom with DKK 237 million.

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
TOTAL	290,136	757,137	1,047,273	10.8%	9,200	94,249	237,101	-174,702

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
TOTAL	290,136	696,197	986,333	9.8%	8,400	95,158	332,783	-241,581

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

** 2 CGUs in license numbers 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	Q3	Q3	YTD	YTD
DKK 1,000	2015	2014	2015	2014
External revenue	432,117	342,142	1,257,668	966,371
Internal revenue	126,302	93,279	381,042	502,740
Total revenue	558,419	435,421	1,638,710	1,469,111
Operating expenses	-358,112	-252,657	-960,790	-911,040
Depreciation and amortisation	-17,474	-15,895	-51,701	-45,494
Operational EBIT	182,833	166,869	626,219	512,577
Fair value adjustments on biological assets	-17,652	60,427	-110,630	-63,191
Income from associates	0	932	-4,856	-4,310
Earnings before interest and taxes (EBIT)	165,181	228,228	510,733	445,076
Net interest revenue	-1,117	198	-2,985	608
Net interest expenses	332	-1,028	-179	-3,904
Net currency effects	30,429	-7,267	18,215	-5,552
Other financial expenses	-873	-1,383	-5,315	-3,934
Earnings before taxes (EBT)	193,952	218,748	520,469	432,294
Taxes	-36,626	-30,142	-91,981	-121,090
Profit or loss for the period	157,326	188,606	428,488	311,204

VAP segment (Value added products)	Q3	Q3	YTD	YTD
DKK 1,000	2015	2014	2015	2014
External revenue	166,772	155,178	546,619	654,381
Internal purchase of raw material	-126,302	-93,279	-381,042	-502,740
Operating expenses	-29,591	-33,437	-97,688	-108,313
Depreciation and amortisation	-1,858	-1,946	-5,513	-5,814
Operational EBIT	9,021	26,516	62,376	37,514
Provision for onerous contracts	0	1	0	70,909
Earnings before interest and taxes (EBIT)	9,021	26,517	62,376	108,423
Net interest revenue	1,969	795	4,976	1,043
Net interest expenses	-4	-2	-6	-880
Net currency effects	-1	-3	-4	-3
Other financial expenses	-4	-6	-12	-19
Earnings before taxes (EBT)	10,981	27,301	67,330	108,564
Taxes	-1,977	-4,914	-12,120	-19,542
Profit or loss for the period	9,004	22,387	55,210	89,022

FOF segment (Fishmeal, Fish Oil and Fish Feed) DKK 1,000	Q3 2015	Q3 2014	YTD 2015	YTD 2014
External revenue	78,595	86,793	286,341	305,274
Internal revenue	241,684	200,576	522,387	440,264
Total revenue	320,279	287,369	808,728	745,538
Purchase of goods	-249,010	-188,361	-530,509	-471,837
Operating expenses	-29,573	-37,348	-120,955	-132,926
Depreciation and amortisation	-7,394	-6,317	-22,089	-18,775
Operational EBIT	34,302	55,343	135,175	122,000
Income from associates	85	-800	-8,722	7,420
Earnings before interest and taxes (EBIT)	34,387	54,543	126,453	129,420
Net interest revenue	111	296	385	927
Net interest expenses	-5,546	-6,585	-18,959	-19,339
Net currency effects	-1,935	957	-919	-784
Other financial expenses	-51	-53	-177	-209
Earnings before taxes (EBT)	26,966	49,158	106,783	110,015
Taxes	-4,854	-8,848	-19,221	-19,802
Profit or loss for the period	22,112	40,310	87,562	90,213

Reconciliation of reportable segments to Group earnings before taxes (EBT) DKK 1,000	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Farming	193,952	218,748	520,469	432,294
VAP (Value added products)	10,981	27,301	67,330	108,564
FOF (Fishmeal, Fish Oil and Fish Feed)	26,966	49,158	106,783	110,015
Eliminations	-20,387	-40,028	-100,345	-65,775
Group earnings before taxes (EBT)	211,512	255,179	594,237	585,098

Assets and liabilities per segment DKK 1,000	30 Sept 2015	30 Sept 2014	31 Dec 2014
Farming	3,581,901	3,129,938	3,305,566
VAP (Value added products)	249,123	138,556	187,328
FOF (Fishmeal, Fish Oil and Fish Feed)	601,889	746,836	754,904
Eliminations	-862,980	-688,226	-784,865
Total assets	3,569,933	3,327,104	3,462,933
Farming	-973,570	-731,376	-753,064
VAP (Value added products)	-20,228	-15,220	-7,949
FOF (Fishmeal, Fish Oil and Fish Feed)	-408,676	-544,068	-545,308
Eliminations	92,831	-144,012	-92,959
Total liabilities	-1,309,643	-1,434,676	-1,399,280

Note 7. Harvest and Sales FOF

Distribution of harvested volumes (tgv)	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Harvested volume used in VAP production	3,745	4,250	12,426	15,197
Harvested volume sold fresh/frozen	9,237	6,631	24,464	16,165
Harvested and purchased volume (tgv)	12,982	10,881	36,890	31,362

Harvested volumes (tgv)	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Farming North	3,846	9,848	22,712	18,043
Farming West	9,136	1,033	14,178	13,319
Total harvested volumes (tgv)	12,982	10,881	36,890	31,362

Distribution of harvested volumes (tgv)	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Harvested volume used in VAP production	29%	39%	34%	48%
Harvested volume sold fresh/frozen	71%	61%	66%	52%
Harvested and purchased volumes (tgv)	100%	100%	100%	100%

Sales FOF volumes (tonnes)	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Feed internal	24,071	23,587	52,032	48,969
Feed external	2,940	6,221	7,036	13,622
Feed total	27,011	29,808	59,068	62,591
Fishmeal external	4,701	1,201	19,952	15,884
Fish oil external	6	35	11	3,364

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 344 million. DKK 215 million relate to the

building of the new harvest and VAP factory, and DKK 90 million relate to the building of the new 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 of Bakkafrost, purchased for DKK 31.3 million from Bakkafrost in Q3 2015 and DKK 59.6 million for the first nine months of 2015. Bakkafrost purchased raw material amounting to DKK 0.0 million from Faroe

Farming in Q3 2015 and DKK 91.8 million for the first nine months of 2015. At the end of Q3 2015, Faroe Farming owed DKK 90.0 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 valu-

ation hierarchy) where the value is estimated based on observable market prices per period end.

For more information on these calculations, please 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 30 September 2015, 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	197	500	197	0	0
Biological assets (biomass)	947,372	800,809	0	0	947,372
Assets measured at fair value 30/9- 2015	947,569	801,309	197	0	947,372
Liabilities measured at fair value 30/9-2015	0	0	0	0	0
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

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