INFORMATION MEMORANDUM

Relating to

P/F BAKKAFROST'S

acquisition of all outstanding shares of P/f Havsbrún

FINANCIAL ADVISORS TO BAKKAFROST

9 MAY 2011

NO SHARES OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY JURISDICTION PURSUANT TO THIS INFORMATION MEMORANDUM

Important notice

This information memorandum (the "Information Memorandum") has been prepared in connection with P/f Bakkafrost's ("Bakkafrost" or the Company") acquisition of all the outstanding shares in P/f Havsbrún ("Havsbrún") (the "Transaction").

For the definitions of terms used throughout this Information Memorandum, including the preceding pages, see Section 11 (Definitions).

No shares or other securities are being offered or sold in any jurisdiction pursuant to this Information Memorandum.

This Information Memorandum has been submitted to Oslo Stock Exchange for inspection and approval before it was published in accordance with Section 3.5 of the Oslo Stock Exchange's Continuing Obligations. This Information Memorandum is not a prospectus and has neither been inspected nor approved by the Oslo Stock Exchange, the Norwegian Financial Supervisory Authority or any other body in Norway or any other jurisdiction in accordance with the rules that apply to prospectuses. This Information Memorandum has been prepared in an English version only.

All inquiries to this Information Memorandum must be directed to Bakkafrost. No other person is authorised to give any information about, or make any representation on behalf of, Bakkafrost in connection with the Transaction. If any such information is given or made, it must not be relied upon as having been authorised by Bakkafrost. The information contained herein is as at the date hereof and is subject to change, completion and amendment without further notice. The delivery of this Information Memorandum shall not imply that there has been no change in Bakkafrost affairs or that the information set forth herein is correct as of any date subsequent to the date hereof.

The contents of this Information Memorandum are not to be construed as legal, business or tax advice. Each reader of this Information Memorandum should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Memorandum you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The distribution of this Information Memorandum in certain jurisdictions may be restricted by law. Bakkafrost requires persons in possession of this Information Memorandum to inform them about, and to observe, any such restrictions.

Bakkafrost has not registered any of its shares under the United States Securities Act of 1933, as amended(the "Securities Act"), and its shares may not be offered or sold in the United States of America absent registration or an exemption from registration. Bakkafrost does not intend to register any of its shares pursuant to the Securities Act.

Investing in the Company's shares involves risks. Please see section 1 "Risk Factors" below.

Contents

1. RISK FACTORS

In addition to the other information set out in this Information Memorandum, the following risk factors should be carefully considered when analyzing Bakkafrost and/or the Transaction, including the related financing. The risks described below could have a material adverse effect on the business, financial condition or results of operations of Bakkafrost or, following the Transaction, the Combined Group (and, accordingly, all references to Bakkafrost or the Group in this Section shall be construed also as references to the Combined Group, unless the context otherwise requires). Accordingly, the risks described herein could have a material adverse effect on the trading price of the Shares. The information below does not purport to be exhaustive. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also have a material adverse effect on the business, financial conditions or results of operations of Bakkafrost or, following the Transaction, the Combined Group.

1.1 Risks relating to Bakkafrost

1.1.1 Prices of Salmon

The Company's financial position and future development depend to a considerable extent on the price of farmed salmon, which has historically been subject to substantial fluctuations. Farmed salmon is a commodity, and it is therefore reasonable to assume that the market price will continue to follow a cyclical pattern. The balance between the total supply and demand for farmed salmon is a key parameter. Overproduction may cause prices to decline, as was the case in 2001 – 2003. This could in turn have a significant impact on the Company's profitability and liquidity.

1.1.2 Price of fish feed

Feed costs account for a significant proportion of total production costs within the salmon farming sector (above 60% of total production costs at cage in the financial accounts for 2010), and fluctuations in feed prices could therefore have a major impact on profitability within the industry. Feed prices are affected both by the global market for fishmeal and marine/vegetable oils, and the feed industry is dominated by a small number of large, global producers.

Natural limitations in the marine resource base could lead to global shortages of fish meal and oil for fish feed production. The feed producers have, however, come a long way in their efforts to replace some of the marine-based input factors with vegetable raw materials.

Prices for fishmeal and fish oil have been high during year end 2010 and the beginning of 2011, pushed up by strong global demand for fishmeal and fish oil as a main ingredient in the production of fish feed, mainly driven by increased health consciousness of consumers, which have led to increased demand for seafood products. The prices have been reduced during latest weeks.

1.1.3 Operational risks

The rate at which farmed salmon grows depends, among other things, on weather conditions. Unexpected warm or cold temperatures can have a significant negative impact on growth rates and feed consumption. The Company operates at sea under sometimes challenging conditions. This can result in incidents or necessary measures that can have significant cost implications, i.e. unexpected maintenance/repairs or escaped fish. The Company is continually working on reducing risks using experience with equipment, location and operational organization. Bakkafrost's facilities are located in areas where the weather conditions are well known and the facilities well secured, though other weather conditions, such as storms or floods, could also lead to unexpected losses at facilities. Although the Company does not tolerate the escape of farmed salmon, there is always a risk that escapes will occur, in which case the Company's business could be materially adversely affected, directly through loss of farmed salmon and indirectly through spread of diseases, governmental sanctions, negative publicity, or other indirect effects. Procedures and new technological solutions in this respect are constantly monitored.

Although operational risk is to a certain extent reflected in budgets by means of estimates for mortality and the percentage of fish whose quality is down-graded in connection with primary processing, such risks might, if occurring, materially affect the Company results and financial condition. The Company's operations can also be materially impacted by what is classified as normal operating risks, i.e. quality from suppliers and sub-suppliers, etc

The salmon farming industry is associated with a high level of biological risk, and the Company aims to reduce that risk through the entire production cycle by means of systematic group-wide bio security auditing. The Company's production facilities are located within a relatively small geographical area limited to the Faroe Islands – and accordingly some operational risk, if occurring, can affect the Company strongly (i.e. weather conditions, some diseases, etc.)

1.1.4 Retention of key personnel

The Company's business and prospects depend to a significant extent on the continued services of its key personnel in its various business areas. Financial difficulties and other factors could negatively impact the Company's ability to retain key employees. The loss of any of the members of its senior management or other key personnel or the inability to attract a sufficient number of qualified employees could adversely affect its business and results of operations.

1.1.5 Production related disorders

As the aquaculture industry has evolved and developed, the biological limits for how fast fish can grow have also been challenged. As with all other forms of intensive food production, a number of production-related disorders arise, i.e. disorders caused by intensive farming methods. As a rule, such disorders appear infrequently, but certain populations can be severely affected. The most important production-related disorders relate to physical deformities and cataracts. These invariably cause financial loss by way of reduced growth and inferior health, reduced quality on harvesting and damage the industry's reputation. Research has shown that deformities can be caused by:

Excessively high temperatures during the fish's early life

Too little phosphorous in the diet

Light management to speed up the rate of growth, particularly in combination with too little phosphorous in the diet

Acidic water, as well as too much carbon dioxide in the water during the freshwater phase

Exceedingly rapid growth in the freshwater phase is unnatural for the salmon. In the marine phase salmon has evolved to grow rapidly. However, growth should ideally be steadily incremental, allowing all tissue types to develop in parallel.

1.1.6 Disease

Operation of fish farming facilities involves considerable risk with regard to disease. In the case of an outbreak of disease, the farmer will, in addition to the direct loss of fish, incur substantial costs in the form of premature harvesting, loss of quality of harvested fish and subsequent periodic reduced production capacity. Salmon farming has historically been through several periods with extensive disease problems. Common for all of these is that a solution has been found through breeding, better operating routines, increased know-how regarding the fish's biological requirements and the development of effective vaccines. During the 1990’s the health situation in Faroese salmon farming improved dramatically. For example, the development of effective vaccines against the most important bacterial diseases, as well as generally better operating routines, have led to a reduction in antibiotic use in the Faroe Islands.

The economic importance of disease is measured in the form of mortality percentages (mortality), reduced growth or reduced quality on the end product. In addition, disease entails suffering for the fish. The percentage of loss per generation varies; both between generations and producing countries/regions, but an average for the industry would be around 8-15 % per generation. Over half of this is fish that is taken out of the sea before it reaches 500g, with correspondingly limited costs associated with it. Farmed salmon are particularly vulnerable when they are released into the sea. The rapid change from freshwater to the full salinity of seawater exposes the smolts for osmotic stress, in addition to other stressors such as handling, pumping and transportation. The production of a high quality smolt depends on a thorough control of the freshwater quality and the smoltification process. A high level of bio security measures in addition to good management practices and selection of good production sites and technology is an important factor to obtain good growth and improve health.

Below is a description of the most common diseases affecting the aquaculture industry in the Faroe Islands, and some important diseases in our neighbouring countries and thereby posing a risk for spreading to the Faroe Islands:

1.1.6.1 ISA (infectious salmon anaemia)

ISA is historically the disease with the biggest negative impact on the aquaculture industry in the Faroe Islands at all. The virus was first discovered in Norway in 1984, and led to substantial losses of fish in and around 1990. The virus caused severe problems in Scotland, the east coast of Canada and the USA before it was discovered in the Faroe Islands in early 2000 and more recently discovered in Chile.

During the 33 outbreak in the ISA-epidemic from March 2000 till June 2005 almost all farms and sites were hit by the disease. Even if losses in direct mortality varied from farm to farm, the total economic losses were enormous. Enforced slaughtering of fish, often below optimal market size, combined with low prices and the destruction of fish below marketable size (around 1.2 kg) hit the companies very hard. Following an ISA-outbreak, the farm had to be fallowed for six month before a new production cycle could start up.

In the Faroe Islands the authorities together with the industry developed a national contingency plan including vaccination. The contingency plan was approved by the EU, and permission to vaccinate against ISA given thereby. The vaccination programme as outlined in the approved contingency plan, performed as a carefully supervised field trial but with all the farms involved, started in 2005 and is still running. All smolts, excluding test fish, which are transferred to the sea in the Faroe Islands, are now vaccinated against ISA in addition to IPN and major bacterial diseases as furunculosis, vibriosis and winter ulcers.

ISA is in the Faroe Islands regulated in two departmental orders, one on handling of disease outbreaks and one on vaccination against ISA. In case of an outbreak the farm will be set under strict veterinary regulations and a time schedule will be given for slaughtering/destruction of the fish, washing and disinfection of equipment and start date of fallowing. The allowed timeframe for emptying the farm will depend on the severity of the outbreak and the vaccination status.

The risk of an outbreak increases strongly with proximity to an infected farm, suboptimal farm operation, not allowing the facilities to lie fallow for an adequate length of time and poor quality smolt. Stressors, such as infections with salmon lice and handling of the fish, i.e. grading, and bad weather conditions seem to be important risk factors.

There has been a significant geographic concentration of outbreaks in areas with a high density of aquaculture facilities. The disease is subject to government control measures, with harvesting and fallow periods as the most important methods. Fish from an infected facility are transported to a processing plant for slaughter in a closed well boat or tank and all fish from diseased farms are slaughtered in facilities approved for sanitary slaughter.

In approved facilities all waste from the slaughtering process are collected, acidified and dispatched in a safe way to a sanitation plant. All effluents are collected in tanks and disinfected before outlet. Fish with clinical signs of disease are sorted out and handled as waste material. ISA infected fish and fish from infected farms represent no health risk for humans, and fish without clinical signs of disease are sold in the open market.

1.1.6.2 BKD (Renibacterium salmoninarum)

This bacterial disease caused great damage in the Faroe Islands during the years 1989 to 2004. It hit the smolt production to some degree, but was especially a problem in sea farming. The disease has been found in wild salmon and trout. The disease can be transferred vertically from fish to egg. Horizontal transmission occurs as well but seems to be mainly a local spreading inside a single farm.

The only way out of problems with BKD is to keep the brood stock free of the infection and stamping out infected stocks, which has been done in the Faroe Islands

The prevention of BKD is by cleansing/disinfection of all equipment, and further to only buy spawn from suppliers that have certificate to be BKD free and only buy spawn that has been properly disinfected beforehand. There have been two outbreaks in the Faroe Islands since 2004, but in both cases there were little to no mortality.

1.1.6.3 Furunculosis (Aeromonas Salmonicida)

A bacterial disease that was first discovered in the Faroe Islands in 1991. It consequently led to substantial mortality both in the smolt production and the farming production. The disease has not been registered in the Faroe Islands since 2004. Furunculosis derives its name from the boil-like lesions observed on the skin and in the musculature of infected fish. However, developments of ‘furuncles’ on the dorsal body are only seen in fish with long-term disease signs. Disinfection of inlet water to fresh water farms, bio security measures as washing and disinfection of all used equipment brought in to a farm, are steps used to prevent the disease. After development of oil based vaccines the problems disappeared, and the last outbreak in 2004 was in unvaccinated presmolts reared in net pens in freshwater. Antibiotics can be used to treat the disease.

1.1.6.4 IPN (Infectious pancreatic necrosis)

A virus found throughout the world in a number of wild fish species, both in freshwater and in seawater. Previously, IPN was mainly considered a problem in salmon in freshwater, but since 1994 outbreaks in juveniles in seawater have been common. Vaccination is available, but as for other viral diseases it seems only to provide partial protection. IPN can still lead to substantial mortality in salmon fry. It is the general view today that IPN can mainly be prevented through a good water environment and a robust fish, as well as avoiding taking roe from facilities where IPN has been found. In addition, it is important to avoid stress and maintain good routines for hygiene in the facility. A promising new IPN vaccine is currently being tested in Scotland.

1.1.6.5 Caligus curtus (cod lice), Caligus Slaughter (saithe lice) and Lepeophtheirus salmonis (salmon lice)

These are external parasites which attack fish in seawater. In salmon production, lice infection leads to reduced welfare, health and growth for the fish, as well as additional costs for treatment and additional work load during slaughtering and harvesting. The parasite is treated chemically with delicing agents or biologically by using sucker fish. The sucker fish is caught wild and released in the salmon cages, where it eats the lice directly from the fish. Unfortunately wrasse or other cleaner fish are not natural inhabitants in the Faroese territory.

The control of lice in the Faroe Islands is regulated by statutory measures, which, among other things, covers synchronised regional de-licing at the end of winter to protect the production. In addition, obligatory systematic lice counting in all farms as well as boundary values for infestation levels are parts of the new departmental order No. 163 issued on 21 December 2009. All delicing treatments must be evaluated, and in case of lack of effects reasons for this must be sorted out. If the lice have become multi resistant appropriate measures must be taken to ensure fish health and welfare.

1.1.6.6 Cold Water Vibriosis

The disease can cause significant mortality (≥50%) in fish culture facilities once an outbreak is in progress. Common names for Vibrio infections of fish include "red pest" of eels, "salt-water furunculosis", "red boil", and "pike pest". Vibrio infections can spread rapidly when fish are confined in heavily stocked, commercial systems and morbidity may reach 100% in affected facilities.

Quarantine of new fish and good sanitation practices should be used at all times, and will minimize the spread of Vibrio infection from infected to uninfected fish, should a disease outbreak occur. New fish should always be kept away from existing fish. Before any treatment with antibiotics, a thorough investigation of water quality and husbandry practices should be conducted. Removal of underlying problems is essential to successful resolution of the problem. Vaccination can be administered by injection, immersion, or orally, and is used by the salmon industry to minimize the impact of vibriosis. The disease was very deadly in the Faroe Islands in the years 1988-1993, but since vaccination with oil based vaccines against the disease started it has not been a problem.

1.1.6.7 CMS (Cardio Myopathy Syndrome)

The disease was common in the Faroese farming areas some years back, but is very rare in the Faroe Islands today. Mortality is between 1-5 %. It generally infects fish larger than 1 kg. Good sanitation and fallowing of the areas are keys to avoiding or restricting the disease.

1.1.6.8 Heart and skeletal muscle inflammation (HSMI)

The disease has occurred sporadically in southern Norway in recent years. The disease affects fish in the first half of the marine phase, with reduced growth and moderate mortality rates being the most important loss factors. It is assumed that the disease is infectious and therefore may be combated through vaccination. It has not been registered in the Faroe Islands.

1.1.6.9 PD (Pancreas disease)

PD is a viral disease that is frequently diagnosed in Norway, Scotland and Ireland. It has not yet been registered in The Faroe Islands. All marine farms in the Faroe Islands have been tested twice a year for the last two years and all results negative so far found.

The PD virus can occur in the spring or autumn at any fish size. It attacks heart and skeletal muscle and pancreatic tissue. Mortality may vary from 0–15 %, but higher mortalities have been seen. The disease can occur as acute outbreaks followed by a more chronic disease with lower but long-lasting mortality. Very important is also the chronic damage imparted on the survivors in terms of reduced growth capacity and scars in skeletal muscle. These scars appear as patches of depigmentation and make the product unsuitable for smokehouses. A PD vaccine is available, but it provides only limited protection. The disease is fought with general methods in the same manner as HSMI and other diseases above. The fight against PD in endemic areas as in Norway has been concentrated on high levels of bio security: By avoiding risk transport into or through PD-free zones, demands on closed valve transport of fish from diseased farms and avoiding slaughter pens with PD-infected fish.

PD-virus is considered to be more stable in the marine environment than ISA-virus, and therefore possessing the potential for a rapid spread to all Faroese salmon farms if first introduced. Avoiding getting the virus to the Faroe Islands should therefore be of high priority.

1.1.7 Environmental factors, toxins, algaes, pollution and animal welfare

Environmental factors, toxins, algaes, pollution and animal welfare are risk factors that can affect any fish farming operation at sea. Choice of localization and the number of locations contributes to reducing these risks.

Perceived health concerns or food safety issues may have a negative impact on the reputation of farmed salmon, even if there is no direct risk to human health. Such concerns may consequently have a negative impact on the demand for farmed salmon. In the past various perceived health concerns, e.g. the PCB levels in farmed salmon, have attracted negative attention in the media. Although such concerns have decreased, new perceived health concerns or food safety issues relating to farmed salmon, which may arise in the future could affect the Company’s ability to market and distribute the Company’s products.

Bakkafrost’s products are for human consumption, and it is therefore of critical importance that attention and resources are dedicated to food safety. The product quality is subject to internal control, food authority monitoring programme and testing carried out by the Company’s customers. Increased quality demands from customers and legislators in the future, may adversely affect the Company’s results.

Guidelines and legislation with tougher requirements are expected. Hence, higher costs for the food industry (e.g. traceability, level of documentation, testing variables, etc.) are expected. This may impact the Company’s activities.

In addition to environmental toxins, algae and other pollution the market and other stakeholders will focus on animal welfare, transparency and sustainable development.

1.1.8 Young industry

The farming of salmon is still a very young industry within the Faroe Islands. Considerable capital and efforts have been and still are being invested to build up expertise and fund research, and these efforts have largely produced very good results. Although the factors listed above have been addressed proactively and, with few exceptions, sound and effective solutions have been found, there can be no assurance that these or other similar risks will not occur and negatively affect the Company’s business and financial condition.

1.1.9 Risks related to financing

The Company’s ability to make payments on and to refinance its debt, and to fund working capital and capital expenditures, will depend on future operating performance and ability to generate sufficient cash. This depends to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond the Company’s control, as well as the other factors discussed in these “Risk Factors” and elsewhere in the Information Memorandum.

If the Company’s future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund liquidity needs, the Company may be obliged to take actions that could have a material adverse effect on the Company’s financial condition and results of operations.

Due to restrictions on large exposures in the Faroese Financial Business Act the Company may not be able to obtain all its financial funding from a single Faroese bank, but may be dependant on using additional Faroese banks or credit institutions and/or foreign banks and credit institutions. This might affect the borrowing terms available for the Company or otherwise influence the Company's financing.

1.1.10 Risk factors related to covenants in loan agreements

The Company's principal borrowing facilities contain certain financial and other covenants as described in Section 9. There can be no assurance that the Company will be able to meet all such covenants relating to current or future indebtedness contained in its funding agreements or that its lenders will extend waivers or amend terms to avoid any actual or anticipated breaches of such covenants. This could lead to acceleration of loans, including acceleration based on cross-default provisions in the loan agreements, which may in turn cause the Company to file for bankruptcy.

1.1.11 Currency and Interest rate risks

The price of salmon has traditionally been strongly correlated to the value of NOK, the Norwegian currency, but there is no guarantee that future prices will follow the same pattern. The majority of the Company's costs are in Danish Kroner ("DKK"), and its income in several currencies, according to the markets where the finished products are sold. The Shares of the Company are however denominated in NOK at Oslo Børs although the financial statements of the Group will be presented in DKK. This leaves the Company exposed to a range of currencies, above all the DKK. The Company may choose to hedge its exposure to currencies, but investors have no guarantee that the company will succeed if such an operation is initiated. In the event that the exchange rate between DKK and NOK may fluctuate or change dramatically, the performance of the Company or the Company's Shares may be materially adversely affected.

Bakkafrost is financed through a credit facility ref section 9 "Capital resources". This credit facility has an interest rate based on CIBOR plus a margin. The Company does not have any interest derivatives or any hedging policy reducing the risk for the company regarding changes in interest rates at the date of the Information Memorandum. The Company may choose to hedge its exposure to interest rates, but investors have no guarantee that the company will succeed if such an operation is initiated. The performance of the Company or the Company's Shares may be materially adversely affected.

1.1.12 Volatility of share price

The Offer Price of the Shares will be determined by the Company's Board of Directors and the Principal Selling shareholder. The market price of the Shares subsequent to the Offering could fluctuate widely in response to a number of factors, including the following:

Actual or anticipated variations in operating results

Changes in financial estimates or recommendations by stock market analysts regarding the Company or its competitors

Announcements by the Company or its competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments

Sales or purchases of substantial blocks of stock, future equity or debt offerings by the Company and its announcements of these offerings

Additions or departures of key personnel

General market and economic conditions

The market price of the Shares could decline due to sales of a large number of Shares in the Company in the market or perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate

Moreover, in recent years, the stock market in general has experienced large price fluctuations. These broad market fluctuations may adversely affect the Company's stock price, regardless of its operating results

Furthermore the Offer Shares have not been registered under the US Securities Act and are subject to restrictions on transferability and resale. See ''Important Notice'' (Page 2).

1.1.13 Shareholders not participating in future offerings may be diluted

Unless otherwise resolved or authorised by the general meeting, shareholders in Faroese public companies such as the Company have pre-emptive rights proportionate to the aggregate amount of the shares they hold with respect to new shares issued by the company. For reasons relating to US securities laws (and the laws in certain other jurisdictions) or other factors, US investors (and investors in such other jurisdictions) may not be able to participate in a new issuance of shares or other securities and may face dilution as a result.

1.1.14 Nominee Accounts and Voting Rights

Beneficial owners of the Shares that are registered in a nominee account (e.g., through brokers, dealers or other third parties) are not able to vote on the general meeting unless their ownership is re-registered in their names with the VPS prior to the Company's general meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners. If the nominee shall participate in the general meeting, the nominee must have the necessary power of attorney and the owner of the shares must also have notified and documented his acquisition with regard to registration.

1.1.15 Regulatory challenges

Regulatory impositions due to environmental or animal welfare concerns may materially impact the Company's operations and financial condition. The Company emphasises to organize its operations so that the risk for unexpected measures is reduced, but there will always be a latent risk that the regulatory authorities will impose restrictions and/or sudden changes in the industry framework.

Salmon farming is regulated by licenses. The Company has a good dialogue with the Faroese authorities regarding the prerequisites and restrictions that are connected to a farming license. The Faroese authorities may withdraw licences for fish farming operations if substantial preconditions have been changed since the licence was issued, or if the licence goes against overall development plans and protective measures, or if the licensee breaches the conditions set in connection with the issuance of the licence. The licence may also be withdrawn, if the company breaches the rule on maximum ownership of licenses, or if the company does not use the licence. The licence may also be withdrawn, if the environmental licence of the company is repealed.

A salmon farming licence is issued for a period of 12 years from the date of issue. The Faroese government may prolong the licence period. If the company fulfils the conditions in the license and if a continuation of the activities is not contrary to overall development plans, which have been adopted, it must be assumed (but there can be no assurance) that the company has a legal claim to have the license period prolonged.

1.1.16 Regulatory restrictions on ownership of licenses within the Faroe Islands

The Company owns approx. 39 % of the licenses on the Faroe Islands, and there are currently regulations limiting the number of licenses owned by one company to 50% of the total licenses on the Faroe Islands.

1.1.17 Trade policy and market restrictions

Trade policy and market restrictions are prominent topics for the fishing industry and the anticipation of the development of such has proven difficult in several markets. In addition the effects of foreign markets' trade policies have affected fish farming companies asymmetrically so it is difficult to project the effects of policy changes on a single company. The Company believes that an attractive product combined with distribution to several different markets will reduce this risk.

1.1.18 Limitations on enforceability of civil liabilities

The Company is a public limited company incorporated in accordance with the Faroese Company's act and subject to Faroese law. A majority of the Company's directors and executive officers, and certain experts named in this Information Memorandum, reside outside the United States and Norway, and all or a substantial majority of the Company's assets and the assets of those persons, are located outside the United States and Norway. As a result, it may not be possible for investors to affect service of process in the United States, Norway and other countries other than the Faroe Islands upon the company or those persons or to enforce judgements obtained against them in U.S., Norwegian or other relevant courts.

The United States and the Faroe Islands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments rendered in connection with civil and commercial disputes. As a result, a final judgement for the payment of damages based on civil liability rendered by a U.S. court would not be enforceable in the Faroe Islands. If the party in whose favour the final judgment is rendered brings a new suit in a competent Faroese court, the party may submit to the Faroese court the final judgement that has been rendered in the United States. Such judgement will only be regarded by a Faroese court as evidence of the outcome of the dispute to which judgment relates, and a Faroese court may choose to rehear the dispute ab initio.

Verdicts from Nordic courts can be executed according to Act No 635 from 15 September 1986 on the acknowledgement and execution of Nordic decisions regarding claims based on civil law. It appears from the act that enforceable verdicts regarding a claim, based on civil law, rendered in either a civil or penal case by a Finnish, Icelandic, Norwegian or Swedish court, are enforceable in the Faroe Islands. It is a precondition for execution of such verdicts that the case has been heard according to normal rules on jurisdiction and that the plaintiff has consequently had the opportunity to safeguard his interests in connection with the case.

1.1.19 Insurance risk

The Company intends to maintain a level of insurance coverage for properties, assets, livestock and personnel that corresponds with the perceived risk within the industry sector and in accordance with regulation. Insurance policies will primarily cover catastrophe loss.

All insurance premiums will carry a deductible in the form of an insurance excess that is based upon level of risk and cost of premium. Higher deductibles relate to stock mortality insurance which may be based upon a "per cage" or "per site" level of cover, the value of the maximum standing biomass, the Company's claims history but is also influenced by a very limited number of specialist insurers.

The largest challenge is the prevention of disease, waterborne parasites and control of the water quality in both marine and freshwater operations. Through the application of best animal husbandry practice and management to ensure bio security, these risks are sought to be minimised but they are not entirely eliminated. There may be times when it will be difficult to obtain insurance cover for certain fish diseases at premiums that are considered commercially viable. However, no assurance can be given that the Company will have sufficient insurance cover against such losses.

1.1.20 The impact on the environment

The operation impact on the environment is linked to discharge of organic material from feed and fesies, the fish population potential shedding of sea lice, and the risk of fish escape. The tangible risk associated with discharge of organic material is thoroughly assessed during consent application of sites to governmental bodies. The recipient capacity must adhere to the planned biomass on site. Secondly, benthic sampling is undertaken on a yearly basis to ensure compliance with recipient capacity and tolerance. Between each production cycle fallowing of the sites is mandatory. Sea lice is closely monitored, reported, and treated in line with national contingency plans. Under the provision that the Company adhere to legislation, there is no risk to become liable for shedding sea lice from fish farms.

The Company aims at minimizing escapes and has implemented procedures to help reach this goal. However, coastal waterways represent a risk of boats accidentally harming farm constructions and thus make escapes unavoidable. Such events will inevitably damage the reputation of the company, but not cause liability as long as set regulations of signs and lighting are adhered to. The Company will be held responsible if gross negligence leads to escapes.

1.1.21 Macro economical factors

The development of the Company and industry may be affected by major changes in macro economical factors such as GDP growth, international trading patterns, government spending etc. which could give material changes to prices and demand/supply conditions for the Company. Such changes might, if occurring, materially affect the Company results and financial condition

1.1.22 Integration risk

The development of the Company may be affected by changes in the planned integration of Havsbrun. The success of the integration is dependent on the possibility to integrate the businesses, organisations, farming operations and management, and might be affected by unforeseen issues or structures of the businesses. This might affect the timing, effects and results of the integration, materially affecting the Company's results and financial conditions.

Bakkafrost owns approx. 39 % of the licenses on the Faroe Islands before the acquisition, and there are currently regulations limiting the number of licenses owned by one company to 50% of the total licenses on the Faroe Islands.

Bakkafrost have received a 9 month grace period for the ownership of more than 50% of the total licenses. There are risks related to the sale of licenses or other actions required in order to comply with the regulations/legislation within the end of the grace period.

1.1.23 Other risks

Environmental organisations exist, both in Europe and North America, whose aim is to abolish all fish farming. The degree of fundamentalism varies from group to group, and the majority limit themselves to spreading disinformation and untruths about fish farming in general. However, a certain risk of bioterrorism (i.e. damage to production facilities with the intention of hurting both the Company and the industry in general financially and/or exposing it to negative media coverage) cannot be ruled out.

1.2 Risks relating to Havsbrún

1.2.1 Prices on Fish Meal

The Company's financial position and future development depend to some extent on the price of Fish Meal, which has historically been subject to substantial fluctuations. Fish Meal is a commodity, and it is therefore reasonable to assume that the market price will continue to follow a cyclical pattern. The balance between the total supply and demand for fish meal is a key parameter. Overproduction may cause prices to decline. This could in turn have an impact on the Company's profitability and liquidity.

1.2.2 Prices on Fish Oil

The Company's financial position and future development depend to some extent on the price of Fish Oil, which has historically been subject to substantial fluctuations. Fish Oil is a commodity, and it is therefore reasonable to assume that the market price will continue to follow a cyclical pattern. The balance between the total supply and demand for Fish Oil is a key parameter. Overproduction may cause prices to decline. This could in turn have an impact on the Company's profitability and liquidity.

1.2.3 Price on Fish Feed

Feed Sales is a significant proportion of total income and are affected both by the global market for fishmeal and marine/vegetable oils, and the feed industry is dominated by a small number of large, global producers.

Natural limitations in the marine resource base could lead to global shortages of fish meal and oil for fish feed production. The feed producers have, however, come a long way in their efforts to replace some of the marine-based input factors with vegetable raw materials.

Prices for fishmeal and fish oil have been high during year end 2010 and the beginning of 2011, pushed up by strong global demand for fishmeal and fish oil as a main ingredient in the production of fish feed, mainly driven by increased health consciousness of consumers, which have led to increased demand for seafood products. The prices have been reduced during latest weeks.

1.2.4 Feed contaminants

Feed may, through its use of different types of raw materials and ingredients and through its production processes, be exposed to contamination by a number of undesirable substances. Most contaminants are accumulated in organisms such as marine wild catch used to produce fish meal and fish oil. These contaminants are deposited into the organism's fat and the concentration is greater the higher up the food chain.

Authorities set maximum allowable levels for the most important contaminants. These limits are continuously monitored by the authorities and can be altered. There is also the possibility of "new" contaminants being added periodically to the list. Generally, contamination may occur either accidentally or deliberately through malicious product tampering. Such contamination has the potential to affect the environment, fish health, and/or food safety with a potential negative impact on the public's confidence in eating salmon. Any of these events could have a negative impact on the Group's operating result and financial condition.

Future legislation may increase the risk of non-compliance, and the cost of ensuring compliance. The reputation risk associated with non-compliance can be significant even if there is no impact on the environment, fish health or food safety. Havsbrun operates a number of controls to reduce the risk of contamination. Examples of measures and controls included in HACCP (Hazard Assessment Critical Control Point) and ISO procedures include supplier audits and supplier specifications of raw materials, targeted sourcing of raw materials, regular raw material and finished feed quality control analyses, procedures for cleaning of fish oils etc. and strict plant security procedures. The risks can however never be completely eliminated.

Contaminants that may be a risk for fish feed include, but is not limited, to organic contaminants such as Dioxins and PCB, mycotoxins, pesticides, anti-oxidants (such as Ethoxyquin and BHT), brominated flame retardants and bacterial contamination, and inorganic contaminants such as lead, mercury, arsenic and cadmium.

The feed may also, through accidents or tampering, be contaminated by other inorganic substances such as mineral oil, physical objects, etc.

Several substances in addition to the list above are being monitored. Legislative bodies, research groups and non-governmental organisations (NGOs) are currently building up data sets on these substances.

1.2.5 Customer contractual structure exposure – feed industry

Feed contracts are usually renegotiated quarterly. Renegotiations of customer contracts constitute a recurring risk of losing market share and sales volume.

Bakkafrost is significant in terms of Havsbrún´s revenues, but the loss of one or more customers could adversely affect the operating results of Havsbrun.

1.2.6 Operational risks

The production of fish oil, fish meal and fish feed follow established methods with automated and controlled processes. However, any production is vulnerable to down-time and possible insufficient supply of raw material input. Unexpected shortfalls in raw material due to limited catch volumes or limited delivery or purchase of fish or supply of substitutes could affect the volumes produced in the factory. This can result in incidents or necessary measures that can have significant cost implications. The Company is continually working on reducing risks. Havsbrún´s facilities are located on Faroe Islands in which case the Company's business could be materially adversely affected, directly from any trade restrictions or indirectly through restrictions on ocean harvest or quotas. Although operational risk is to a certain extent reflected in budgets by means of estimates for prices and volumes such risks might, if occurring, materially affect the Company results and financial condition. The Company's operations can also be materially impacted by what is classified as normal operating risks, i.e. quality from suppliers and sub-suppliers, etc

2. RESPONSIBILITY STATEMENT

Statement from the Board of Directors of Bakkafrost

The Board of Directors of Bakkafrost accepts responsibility for the information contained in this Information Memorandum. The Board of Directors of Bakkafrost hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

9 May, 2011

The Board of Directors of P/f Bakkafrost

Rúni M. Hansen	Johannes Jensen	Virgar Dahl
Chairman	Vice chairman	Board member
Annika Frederiksberg	Odd Eliasen	Trine Sæther Romuld
Board member	Board member	Board member

3. THE TRANSACTION

3.1 Overview of the Transaction

On the 10th of April 2011, Bakkafrost entered into an agreement (the "LOI") with P/f Føroya Fiskiídnaður and their shareholders. Under the LOI Bakkafrost will acquire all the outstanding shares in P/f Havsbrún.

The aggregate consideration to be paid Bakkafrost for the shares will be DKK 1,100,000,000.

The consideration will consist of DKK 696,061,290 in cash and 8,166,540 shares in Bakkafrost. The value of the shares is DKK 403.938.710, based on the share price on the 8th April 2011 at 16.00 CET of NOK 51.75. Havsbrún´s current holding of Bakkafrost shares will be used as consideration shares. Bakkafrost will not issue any new shares as part of the Transaction. Both the cash and the share consideration will be delivered to the seller at the completion of the Transaction.

The acquisition is subject to the satisfaction or waiver of the following conditions:

- Approval from the Faroese Competition Authorities, and those potential conditions set for the completion of the Transaction are approved by Bakkafrost.
- Due to the Faroese regulations regarding the ownership of more than 50% of the total number of licenses on the Faroe Islands, the Transaction is conditional to an acceptance from the Faroese Regulatory Authorities for a reasonable grace period for the sale of the licenses above the threshold value, so that the Company can apply to the current legal limit of 50%. Bakkafrost have received a grace period of 9 months from closing.
- Completion of a satisfactory Due diligence on Havsbrún.
- Board of Directors in Bakkafrost approves the acquisition of the shares.

Completion of the acquisition is expected to take place on 1 June 2011.

3.2 Background and the reason for the Transaction

By acquiring Havsbrún, Bakkafrost will grow significantly on the Faroe Islands which also is in line with the Group’s strategy.

Following the transaction Bakkafrost will control the whole value chain from salmon feed production to the production of value added salmon products (VAP). The production of farmed salmon will increase by 7,000 tonnes gutted weight in 2011 to a total of 40,000 tonnes gutted weight, with further upside in the coming years. Further Bakkafrost expects to add value to its shareholders with the benefits from economy of scale and better production planning.

3.3 Financing of the Transaction

The total consideration of DKK 696 million to be paid in cash will be financed with DKK 500 million in new debt in Nordea and BankNordik and DKK 196 million will be drawn on current credit facility in Nordea and BankNordik ref section 9.1.6.

3.4 Interests of certain persons in the Transaction

No agreements have been, or are expected to be, entered into, in connection with the Transaction for the benefit of the executive management or members of the board of directors of Bakkafrost or Havsbrún. It should be, noted, however, that certain members of the management and the board of directors of Havsbrún are indirect shareholders of Havsbrún and will thus have an interest in the consideration paid by Bakkafrost for Havsbrún.

Name	Position	% Indirect ownership
Poul Hansen	Chairman of the Board	6.41%
Høgni Hansen	Board member	4.85%
Tummas Eliassen	Board member	6.08%
Regin Jacobsen	Board member	0.57%
Jùstinus L. Justinussen	Board member	1.21%
Niels J.T. Nielsen	Board member	2.98%
Petur H. Jacobsen	Board member	0.95%
Christian Christiansen	Board member	1.94%
Bergur Poulsen	CEO	2.35%
Odd Eliasen	Director Feed Division	1.18%
Yngvi L. Olsen	CTO	0.78%

Certain members of the management and the board of directors of Bakkafrost are indirect shareholders of Havsbrún through Bakkafrost's ownership in Dagsbrún and will thus have an interest in the consideration paid by Bakkafrost for Havsbrún.

Name	Position	% ownership in Bakkafrost	% Indirect ownership in Havsbrun
Rúni M Hansen	Chairman of the Board	0.02%	0.00%
Annika Fredriksberg	Board member	0.03%	0.00%
Virgar Dahl	Board member	0.01%	0.00%
Regin Jacobsen	CEO	9.19%	0.57%
Teitur Samuelsen	CFO	0.00%	0.00%
Jón Purkhús	Manager Farming	0.33%	0.02%
Kari Jacobsen	Processing Manager	0.00%	0.00%

3.5 Information about the Bakkafrost Group after the Acquisition

3.5.1 Legal structure after the Transaction

P/f Bakkafrost is the ultimate parent company of the Bakkafrost Group. P/f Havsbrun will be incorporated as a daughter company to P/f Bakkafrost.

3.5.2 Bakkafrost's position in its markets after the Acquisition

Following the transaction Bakkafrost will control the whole value chain from salmon feed production to the production of value added salmon products (VAP).

Bakkafrost and Havsbrun had a combined harvest volume of approx. 28.000 tonnes gutted weight in 2010, an increase from 21,626 tonnes gwt in Bakkafrost.

Bakkafrost is the largest customer to Havsbrun, representing close to 60% of the total feed sales in Havsbrun in 2010 (Source: Company).

3.5.3 The Transaction's significance for the earnings, assets and liabilities of the Bakkafrost Group

From the Closing date expected to be 1. June 2011 Bakkafrost will own 100% of the issued and outstanding shares in Havsbrun, and Havsbrun will therefore be fully consolidated from the date of which control was transferred to Bakkafrost. A full consolidation means that the Havsbrún´s assets and liabilities will be incorporated in Bakkafrost's consolidated balance sheet and that the Havsbrún´s revenue, operating profit and net profit will be incorporated in Bakkafrost's consolidated profit and loss statement. The purchase method of accounting has been used to account the acquisition of a subsidiary. Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated. See Section 8 for further information regarding pro forma financial information to reflect the impact of the Transaction on Bakkafrost.

4. DESCRIPTION OF BAKKAFROST

4.1 Corporate information

P/F Bakkafrost was incorporated in 1990 on 23 October 1990 under the name P/f Taravík and registered in the Faroe Islands Company register with registration number 1724. P/f Bakkafrost is a public limited company (Faroese: partafelag, P/f) which operates under the Faroese Public Company Act (Act no. 1356 of 09.12.2007). The Company has existed for more than 20 years as of the date of the Information Memorandum.

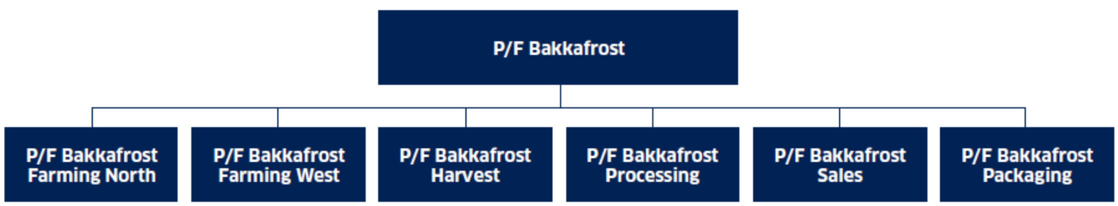
The Company's postal address and contact data are:

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

4.2 Legal Structure

P/F Bakkafrost is the management company and the parent company of the Bakkafrost Group. The figure below shows the legal structure of the Bakkafrost Group as of the date of the Information Memorandum. The figure provides an overview of the most important Group companies and associated companies. All companies are wholly-owned (100%), unless otherwise stated.

Figure 4-1: ORGANISATION CHART P/f BAKKAFROST



Source: Company

In addition to the companies set out in the above table, Bakkafrost holds shares representing 56% of the capital and 30% of the votes in P/f Salmon Proteins prior to the transaction.

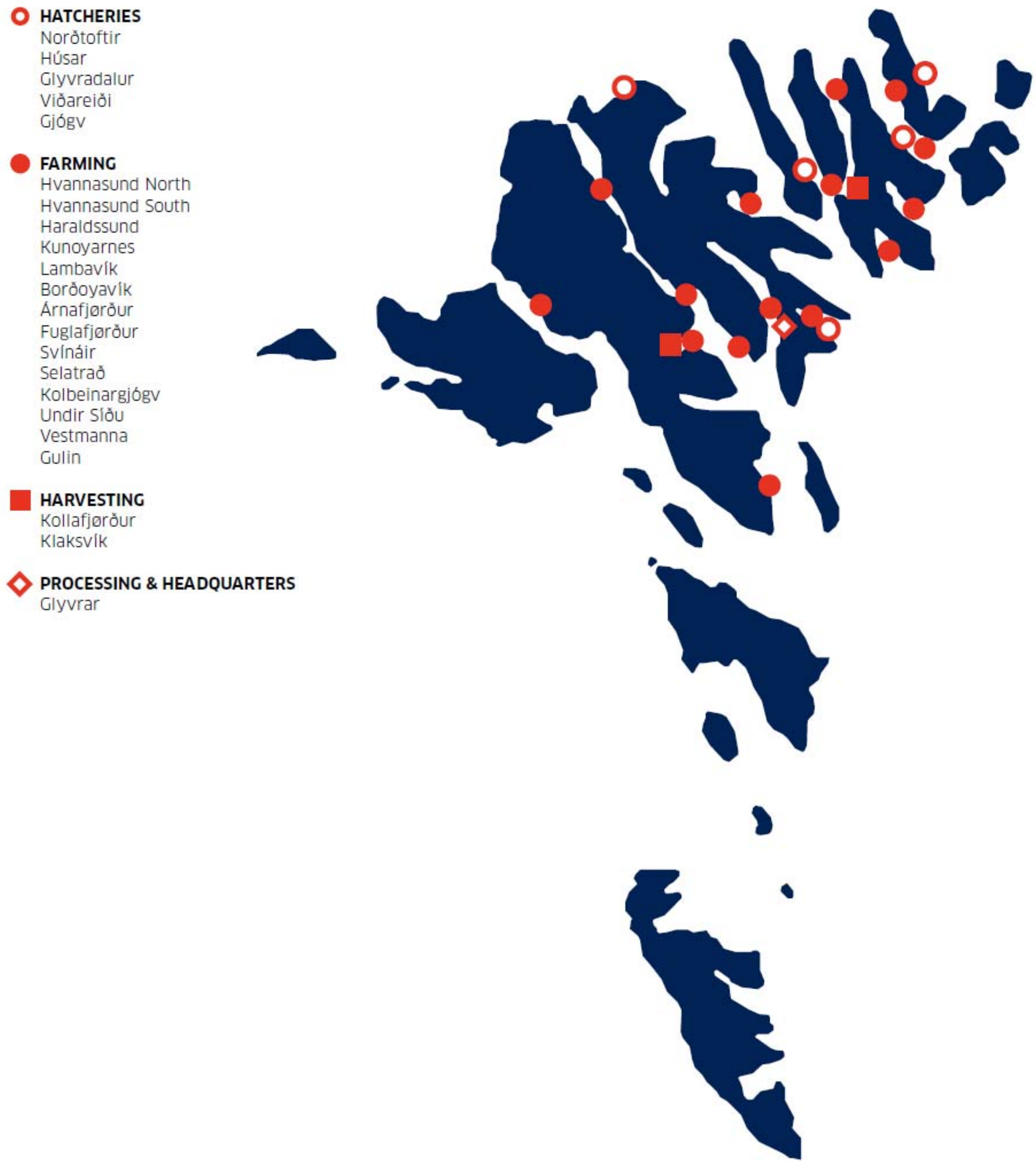
4.3 Description of the Company's operations

Bakkafrost is the largest salmon producer in the Faroe Islands. The company produced 21,626 tonnes gutted weight in 2010. Bakkafrost owns 11 licenses for Atlantic salmon corresponding to 39 % of total licenses on the Faroe Islands currently representing around 55% of total harvest volumes.

The Company operates five fully owned hatcheries and 15 fish farming sites for marine production of Atlantic salmon in the Faroe Islands. The sites are located in thirteen different fjords.

All primary processing takes place at the slaughter facilities in Klaksvík and Kollafjørð, and all secondary processing takes place in the Group's VAP facility in Glyvrar.

Figure 4-2: BAKKAFROST LOCATIONS

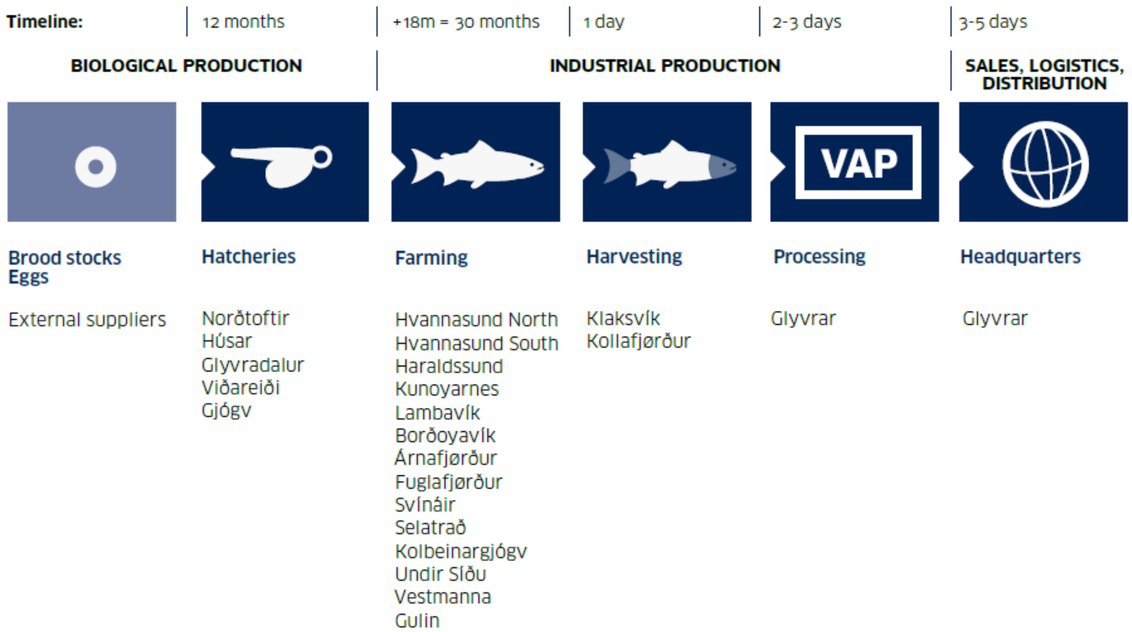


4.3.1 The value chain

Bakkafrost controls the entire value chain from smolt to sales and marketing. Control of the entire value chain is considered important to be able to control the product flow on a daily basis. Both customers and processing facilities depends on daily availability of salmon, and depends entirely on a steady flow of harvested fish.

The quality of the fish is a result of the whole operation from salmon egg to the processing of the fish. The documentation and traceability from finished product back to the salmon egg and even to the raw materials in Bakkafrost's salmon feed is important for its customers and therefore important to Bakkafrost.

Figure 4-3:VALUE CHAIN



Source: Company

The control of the entire value chain enables Bakkafrost to enter into long-term delivery contracts and long-term customer relationships, without being dependant on any third party to ensure the quality and predictability of its deliveries. It further enables better utilisation of the facilities throughout the value chain and prevents sub optimisation between cost centres. The Company's core business areas are described in the following sections.

4.3.2 Brood stock

Bakkafrost purchases salmon eggs from several external suppliers based in the Faroe Islands, Iceland, Norway and Scotland. The capacity of Bakkafrost's suppliers is sufficient to meet the current and future need of eggs.

The vitality of the fish is very important. Therefore the selection of the best genetic properties is vital. The resistance to develop diseases is an important property of the fish. In order to ensure access to high-quality eggs, Bakkafrost's strategy is to buy eggs from selected external suppliers, where significant efforts and resources are invested to improve product quality and performance.

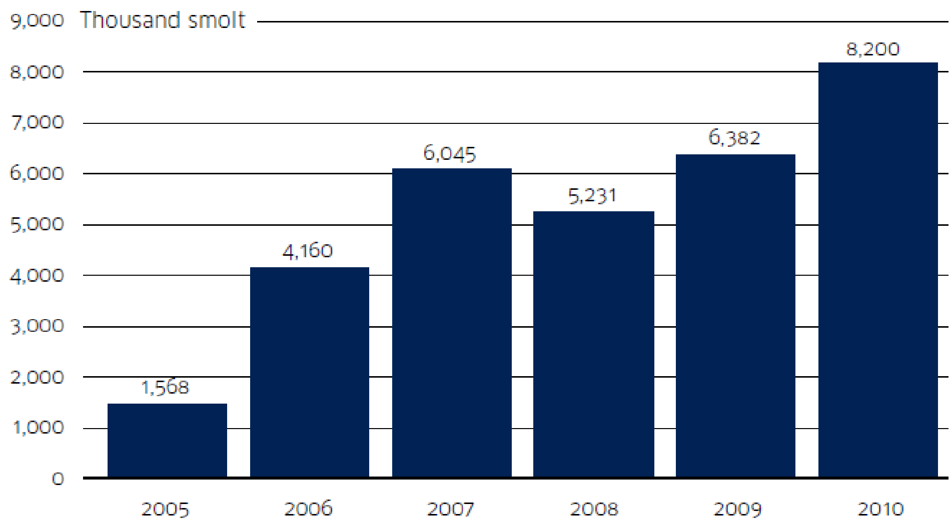
4.3.3 Juveniles

Bakkafrost owns a total of six hatchery licenses. The Company operates five hatcheries with a total production capacity of around eight million smolts per year, making the Company self sufficient with smolts. Bakkafrost has been focused on producing smolts for its own production, and the number of smolts sold to third parties is limited. The Company will expand the hatchery capacity on existing facilities in line with the growth strategy, and this will be completed with limited investments

Bakkafrost's hatcheries are located in environments with large quantities of clean fresh water, where no villages or industries are competing for the water. This is important as there is no ground water available on the Faroe Islands. The hatcheries are equipped with closed water circulation systems with bio filters, and the fish tanks are inside buildings in order to limit the effect of external factors such as weather, birds and other pollution. The workforce in the hatcheries is very experienced, of which many of the employees have been working at the hatcheries since the early nineties.

Historically, Bakkafrost has released smolts into sea when the weight is between 50-60g. Over the last four years Bakkafrost has changed its strategy and waited until the size of the smolts have reached 80-100g before releasing them into the sea. The Company believes this has had a positive effect when measuring productivity and mortality, and hence contributed to improving the Company results during this period.

Figure 4-4: SMOLT RELEASE



Source: Company

4.3.4 Farming

Bakkafrost's 15 fish farms are located in the central and northern part of the Faroese Islands. On average, each fish farm can produce around 2,500 tonnes gutted weight per year with present production regime within the next 2-4 years.

The fish is kept, fed and nurtured in large sea cages providing the fish with abundant space to grow for a period of 16-18 months. During this period the fish grows from 100g to up to Bakkafrost's average target weight of about 6.0-6.5 kg wfe. This weight is targeted as this is considered to provide an optimal breakdown/mix of sizes in order to serve both the fresh fish market and the internal VAP production. As a rule the larger fish are distributed as fresh fish and the smaller fish are used as raw material in the VAP production.

The fish is fed several times a day, and the feed consumption is monitored continuously. Over the last generations the biological feed conversion rate has decreased from around 1.20 to around 1.10, reducing the feed cost with approx. 8.5%. This is considered to be a direct result from the improved fish health.

During the entire production period each separate generation is kept in a separate fjord, and after all locations in a fjord have been harvested, the fjord is set aside for 2 – 3 months before a new generation is released. This operating model was introduced in 2003 and the observed effects are better productivity, less mortality and better utilization of the feed. On average, the mortality rate has been less than 10% for all farmers on the Faroe Islands since the new veterinary model in the Faroe Islands was implemented.

The main goal of the farming operation is to produce salmon at a low feed conversation rate and with low mortality. In order to reach this goal, Bakkafrost believes the environment is very important, and therefore does its utmost to create and maintain a healthy environment for the fish. Following national regulations, environmental investigations are undertaken each year by external agencies on each farming location. The result of each survey becomes input data used in the tactical planning in order to achieve the best environmental sustainable farming results possible.

The environmental authorities also have to approve a 3-year production plan for the Faroese salmon companies on a yearly basis.

4.3.4.1 Farming North

The sites in Farming North (former Faroe Salmon, Bakkafrost) are located in the North-East part of the Faroe Islands. The operations in this region show a strong historical performance based on excellent conditions for salmon farming.

Table 4-1: Farming licenses farming North

Licence no.	Location
A-11	Hvannasund S
A-21	Hvannasund S
A-73	Hvannasund N
A-72	Haraldsund N
A-63	Árnafjørður
A-13	Borðoyarvík
A-12	Borðoyarvík Haraldsund S
A-04	Lambavík
A-34	Skálafjørðurin
A-35	Skálafjørðurin

Source: Company

Farming North has historically shown very good productivity due to the general favourable environmental conditions in the sea. The Gulf Stream provides for very stabile conditions throughout the year as well as high water quality due to the non stop current. The water temperature in the region is steady with a fluctuation at only 6°C during a year. The lowest temperatures, approximately 5.5°C, are usually reached in February, and the highest temperatures, approximately 11.5°C, are reached in the late summer months.

Further, the occurrence of salmon lice has been very limited in these sites, again reflecting the favourable biological conditions combined with the veterinary model introduced on the Faroe Islands in 2003.

The farming areas are large, and have capacity to support the quantities farmed on each site.

The biological situation in Farming North provides the opportunity to utilize higher than average weight of the fish, minimizing unit costs, biological feed factor and giving a best in class performance. The excellent biological situation is crucial to maintain production costs at current levels and to maximize the return from the invested capital.

4.3.4.2 Farming West

The sites in Farming West (former Vestlax) are located in the central part of the Faroe Islands. The locations in Farming West have shown strong performance during 2010, in line with Farming North. The sites have the same potential in terms of biological performance and corresponding low production costs as the natural given factors are more or less the same.

As for Farming North, these sites have constant supplies of fresh seawater due to the

Table 4-2: FARMING LICENSES FARMING WEST

Licence no.	Location
A-57	Fuglafjørður
A-03	Sundini N
A-80	Sundini S
A-05	Kollafjørður
A-81	Kollafjørður
A-06	Nólsoyarfjørður
A-69	Vestmannahavn
A-07/37	Vestmannahavn

Source: Company

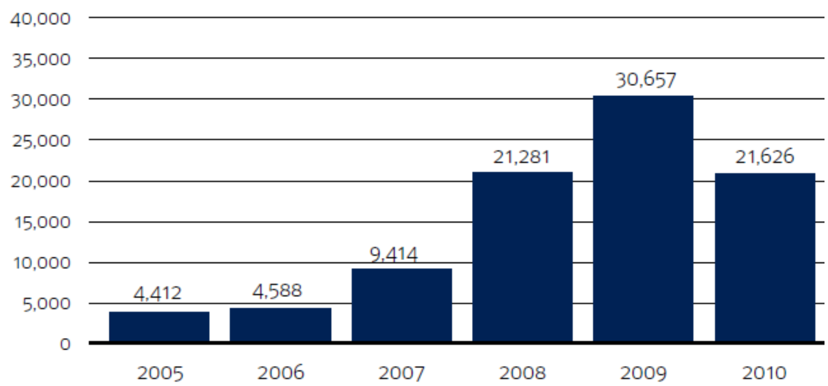
Gulf Stream. But in contrast to the Bakkafrost sites in Farming North, where Bakkafrost operates regions without being close to other salmon farmers, the areas in Farming West are shared with other salmon farmers (Marine Harvest at two locations and Viking Seafood at one location). The synchronized fallowing of Sundalagið since summer 2010 has so far been successful. Bakkafrost would like to continue the synchronization of the whole area, as this management is effective for improved biological performance.

4.3.5 Harvesting

All the fish are harvested at the slaughtery factories in Klaksvík and Kollafjørð. The slaughteries have a daily capacity of around 220 tonnes wfe at the current run rate at 1 shift. The fish is transported from the farming sites to the slaughteries in well boats with closed-end water systems.

Bakkafrost's well boat fleet consists of two vessels: One smaller well boat (230m3/45 tonnes wfe) and a larger well boat (660m3/ 110 tonnes WFE), both with closed systems.

Figure 4-5: HARVEST VOLUMES (TONNES GWT)



Source: Company

In 2010 trout volumes delivered 8.6% of the total volume, but were fully phased out in October 2010. Expectedly, this will result in a better utilization of the existing facilities in the harvesting and processing capacity and an improved market position within the focus segments of the Group.

4.3.5.1 Slaughtery Klaksvík (North region)

The Klaksvík slaughtery is a modern facility at 2,000 m^2 built during 2002-03. The efficiency of the slaughtery is high and stable as it is equipped with the newest technology available. The capacity is 100 tonnes lwe per day per eight hour shift. The slaughtery employs 50 people (full time equivalents).

4.3.5.2 Slaughtery Kollafjørður (Central region)

The slaughtery in Kollafjørður is from 1984 and was rebuilt during the early nineties for salmon harvesting. The daily capacity is 120 tonnes lwe running two 8 hour shifts. The facility also offers a freezing capacity of 40 tonnes gutted weight per day.

There are 70 people employed at the slaughtery in Kollafjørður (full time equivalents).

4.3.6 Processing and refinement

The 4,000 m^2 VAP factory in Glyvrar has a capacity of producing 80 tonnes of skin- and boneless 125g vacuum-packed portions in retail boxes per day.

The primary customers for this product are the European supermarket chains. Opportunities to grow into new regions and to new customers are present. However, as demand from existing customers has grown rapidly, Bakkafrost's strategy over the last years has been to show full commitment to existing customers rather than increasing the number of customers.

Another market segment important for the VAP products is industrial customers buying whole fillets for further processing and by-products. This market has been developed during the last five years, and all by-products are now sold at a margin. The customers in this segment are mainly European or from the Far East.

The Company intends to continuously upgrade the VAP-factory in order to be able to deliver according to the market demands. Expansions of the factory and production capacity are evaluated, and a decision will be made when it is concluded to be favourable for the Group.

Figure 4-6: VAP PRODUCTION, FILLET, PORTIONS AND BY PRODUCTS (TONNES PRODUCT WEIGHT)

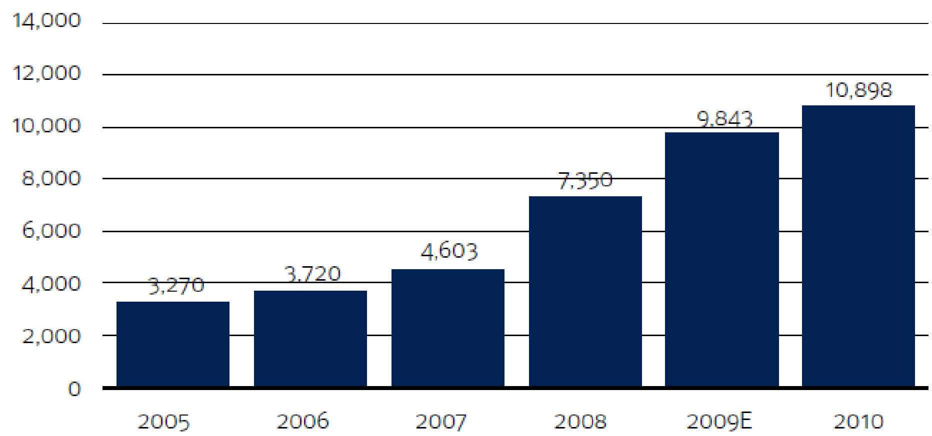
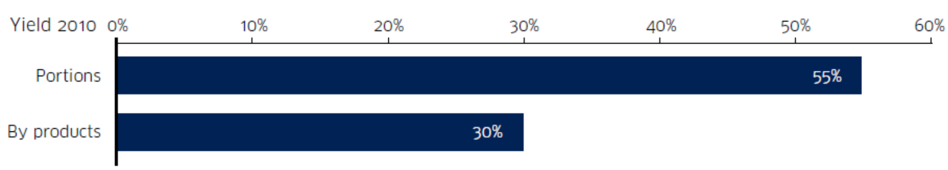


Figure 4-7: PRODUCT SPLIT 2010



Source: Company

4.3.7 Sales and distribution

4.3.7.1 Sales strategy

The strategy of the Company is to balance the sales mix between different geographical markets as well as different product segments.

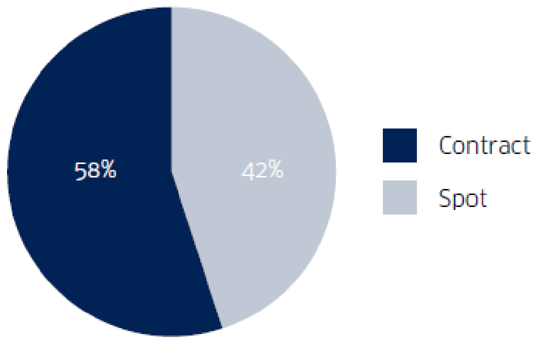
The two most important markets are the European market and the US market, in which Bakkafrost mainly sells VAP products and whole fish. In general, the VAP products are sold on long term contracts and the whole fish is sold in the spot market.

Bakkafrost believes that its capability to serve both these geographical markets with the two categories of products efficiently reduces cross cycle fluctuations in both revenues and profitability.

The strategy is to offer advantages to the larger super-market chains by securing product availability and stable high quality and preferred products.

The main reason for the increase from 50% to 58% of the volume delivered to contracts in 2010 is the reduction in the raw material base, resulting in a higher than average percentage of raw material to contract customers. The strategy is to deliver 40 - 50% of the volume on contracts.

Figure 4-8: SPLIT CONTRACT VS SPOT, % of total sales DKK, Bakkafrost 2010, actual figures



Source: Company

4.3.7.2 Distribution

Current distribution network are based on boat to Europe and plane to the US. The Company is able to distribute both fresh and frozen fish to the market.

With existing distribution network Bakkafrost is able to ship products to Scotland within 20 hours by boat. From Scotland the products are distributed by plane to major airports in the US within a total of 24 hours with a total cost of DKK 8-9 pr kg from factory to customer.

Products planned for the European markets are transported by boat to Denmark within 2 days for further distribution on trucks.

4.4 Board of directors, management and employees

4.4.1 The board of directors

The table below sets forth the composition of the Company's current Board.

Name	Position	Served since	Term expires
Rúni M Hansen	Chairman	15.12.2009	2013
Johannes Jensen	Deputy Chairman	15.12.2009	2012
Trine Sæther Romuld	Board Member	15.12.2009	2012
Annika Fredriksberg	Board Member	19.02.2008	2013
Virgar Dahl	Board Member	18.08.2006	2012
Odd Eliasen	Board Member	18.08.2006	2013

According to the Company's articles of association, the members of the Board of Directors are elected for a period of 2 years. Members may be re-elected.

The Board is responsible for administering the Company's affairs and for ensuring that the Company's operations are organized in a satisfactory manner.

The Company's registered business address is Bakkavegur 9, 625 Glyvrar, Faroe Islands, and serves as c/o address for the Board members of the Company.

4.4.1.1 Rúni M Hansen, Chairman of the Board

Born 1967. MSc. in Economics and Business Administration, Copenhagen Business School, 1993. DBA , Lancaster University, The Management School, Lancaster UK, 1994. Career: Statoil, member of Global Exploration management team for Europe and North Africa, 2007–present. Director for Statoil Faroes and Statoil Greenland. Board member of Vónin 1998–2008, Chairman 2002–2008. Board Member of Føroya Banki 1999–2006, Vice Chairman 2003–2006.

Mr. Hansen has been a Board member of Bakkafrost since December 2009, when he also became Chairman of the Board of Directors.

Mr. Hansen is considered to be independent.

Mr. Hansen holds 10,000 shares in the company.

4.4.1.2 Johannes Jensen, Deputy Chairman of the Board

Born 1962. MBA , Lancaster, Lancaster University 1998. Faroe Seafood 1987–2001. Marketing Director Faroe Seafood 1992–2001, Managing Director Hotel Føroyar 2002–present, Board member Sp/f Coastzone, Board member Sp/f Etika Holding.

Mr. Jensen has been a Board member of Bakkafrost since December 2009, when he also became the Deputy Chairman of the Board of Directors.

Mr. Jensen is considered to be independent.

Mr. Jensen holds no shares in the company.

4.4.1.3 Odd Eliasen, Board member

Born 1965. Sales manager Havsbrún 1988–1995, Director of Feed Department of Havsbrún 1995–present. Board member of Viking Seafood and Faroe Farming.

Mr. Eliasen has been a Board member of Bakkafrost since August 2006.

Mr. Eliasen is not considered to be independent.

Mr. Eliasen holds no shares in the company.

4.4.1.4 Trine Sæther Romuld, Board member

Born 1968. State-authorised auditor from NHH. Career: Arthur Andersen & Co. / Ernst & Young for nine years. Executive Vice President in Aker ASA and CFO in Aker Drilling ASA from Aug. 2007–Dec. 2009. CFO in Pan Fish ASA / Marine Harvest ASA for four years. Board Director of Aker Seafoods ASA and Aker Floating Production ASA. Current position: EVP & CFO in Stream A/S.

Mrs. Romuld has been a Board member of Bakkafrost since December 2009.

Mrs. Romuld is considered to be independent.

Mrs. Romuld holds no shares in the company.

4.4.1.5 Virgar Dahl, Board member

Born 1958. Director of Marine Department in Tryggingarfelagið Føroyar, Board member of Føroya Realkreditstovnur.

Mr. Dahl has been a Board member of Bakkafrost since August 2006.

Mr. Dahl is considered to be independent.

Mr. Dahl holds 7,000 shares in the company.

4.4.1.6 Annika Frederiksberg, Board member

Born 1971. Graduated from Faroese Business School – Basic Vocational Course, Commercial Line in 1988. Part of Bakkafrost administration team 1990–2008. Part of Bakkafrost sales team 2008–present.

Mrs. Frederiksberg has been a board member of Bakkafrost since February 2008.

Mrs. Frederiksberg is not considered to be independent.

Mrs. Frederiksberg holds 14,000 shares in the company.

4.4.2 The executive management

As at the date of publication of this Information Memorandum, the Company's executive management comprises the following members:

4.4.2.1 Regin Jacobsen, Chief Executive Officer

Regin Jacobsen (born 1966) has been the CEO of Bakkafrost since 1989. Mr. Jacobsen is educated at Aarhus School of Business, Graduate Diploma in Business Administration and Accounting (HD-R). From 1982 to 1988, Mr. Jacobsen was the accounting manager of the former P/f Bakkafrost, and from 1988 until 2006, he held the position of Managing Director of the former P/f Bakkafrost.

Mr. Jacobsen holds 4,491,217 shares in the company.

4.4.2.2 Teitur Samuelsen, Chief Financial Officer

Teitur Samuelsen (born 1972) was appointed CFO of Bakkafrost in December 2009. He holds a BA in Business Economics and an MSc in Business Economics & Auditing from Copenhagen Business School. Mr. Samuelsen has previously worked for KPMG, Dong Energy E&P A/S, and he was CFO of Atlantic Petroleum from 2005 to 2009.

Mr. Samuelsen holds 1,000 shares in the company.

4.4.2.3 Frederik Hansen, Sales manager

Frederik Hansen (born 1973) has been Sales Manager of Bakkafrost since 2007. He was educated at Føroya Sjómannaskúla as Captain in 1997. From 1997-2000 he sailed as a navigator and Captain. From 2000 to 2006 he was department leader of Faroe Ship's operations in various places, both in the Faeroes and abroad. From 2006 he was Sales Manager in Faroe Ship.

Mr. Hansen holds no shares in the company.

4.4.2.4 Kári Jacobsen, Manager VAP production and processing

Kári Jacobsen (born 1963) has been Manager VAP production and processing since 2008. He is educated at Statens Fagskole for Fiskeindustri Vardø (1982/ 1983). Kári Jacobsen was Production manager for Tavan from 1984 to 1994 and from 1999 to 2008. Kári Jacobsen was Production manager in Faroe Seafood from 1994 to 1998.

Mr. Jacobsen holds 1,000 shares in the company.

4.4.2.5 Andrias Petersen, Manager Harvest

Mr. Andrias Petersen (born 1973) holds a BSc in Chemical Engineering from the technical university of Denmark (2001) and has since then completed courses in general-, project- and quality management. From 2002–2008, he worked with the Faroese Food, Veterinary and Environmental Agency in positions as official supervisor, quality manager and head of the department of fish health, where he obtained a good knowledge of the Faroese fish farming industry. From 2008, Mr. Petersen was Production Manager at the former Vestsalmon, and following the merger of the Vestlax group with the Bakkafrost group, Mr. Petersen has been Harvest Manager.

Mr. Petersen holds no shares in the company.

4.4.2.6 Jón Purkhús, Manager Farming

Jón Purkhús (born 1958) has been Manager Farming since 2006. Mr, Purkhús has extensive experience from the salmon farming industry as he founded and has been director of Bakkafrost Farming North since 1988.

Jón Purkhús is Managing Director of JH Holding, which holds 172,068 shares in Bakkafrost.

4.4.2.7 Leif av Reyni, Manager Fresh Water

Leif av Reyni (born 1976) is Kandidat (BSc) in Aquaculture, Høgskolen i Sogndal, Norway (1999–2002) and MSc in Aquaculture, Stirling University, Scotland (2002–2003). From 2003–2004, he worked for Vestlax at two of their sea sites, in Vestmanna and Veðranes, farming salmon and trout. From 2004–2005, Mr. Reyni worked as project manager for the local Aquaculture Research Station in the Faroe Islands. From 2005 to 2009, he was Production Manager at Vestlax and responsible for sea sites and hatcheries. Following the merger of the Vestlax group with the Bakkafrost group, Mr. Reyni has been Freshwater Manager responsible for the Hatcheries. Since 2006, he has been on the Board of the Faroese Aquaculture Research Station.

Mr. Reyni holds no shares in the company.

The Company's registered business address, Bakkavegur 9, 625 Glyvrar, the Faroe Islands, serves as c/o address in relation for the executive management of the Company.

4.4.3 Holdings of shares and stock options

The table below sets forth information concerning ownership of the Company's shares and options held, as of the date of this Information Memorandum, by each member of the Board and Bakkafrost's executive management.

Name	Position	No. shares	% ownership	Options
Rúni M Hansen	Chairman of the Board	10,000	0.02%	0
Johannes Jensen	Deputy Chairman of the Board	0	0%	0
Trine Sæther Romuld	Board member	0	0%	0
Annika Fredriksberg	Board member	14,000	0.03%	0
Virgar Dahl	Board member	7,000	0.01%	0
Odd Eliasen	Board member	0	0%	0
Regin Jacobsen	CEO	4,491,217	9.19%	0
Teitur Samuelsen	CFO	1,000	0%	0
Frederik Hansen	Sales manager	0	0%	0
Kári Jacobsen	Manager VAP	1,000	0%	0
Jón Purkhús	Manager Farming	162,068*	0.33%	0
Andrias Petersen	Manager Harvest	0	0%	0
Leif av Reyni	Manager Fresh Water	0	0%	0

* JH Holding owns 162,068 shares in Bakkafrost; Jon Purkhus owns 50% of JH Holding.

4.4.4 Severance pay etc

The CEO, Regin Jacobsen has a basic period of notice with salary from the company of 24 months, and other management and key personnel have a notice period with salary of 6 to 12 months, depending on the position concerned.

Other than as stated above, no members of the executive management or the Board have service contracts with the Company or any of its subsidiaries that provide for benefits of any kind (severance packages, stock options or any other kind of payments) upon termination of employment.

4.5 Shares and Listing

The issued share capital of the Company is DKK 48.858.065 comprising of 48.858.065 shares fully paid with a par value of DKK 1 and issued in accordance with Faroese law.

The shares of the Company may be freely transferred. No shares have any special rights. No restrictions apply with regard to sale or any other transition of shares.

The shares are registered in the VPS which maintains the Company's share register. The shares are registered with ISIN NO: FO0000000179. The share registry of the company is kept by Nordea Bank Norge ASA.

The shares of the Company are registered in the share registry by name.

Bakkafrost's shares are equal in all respects and each share carries one vote at the Company's general meetings.

Bakkafrost's shares are listed on the Oslo Stock Exchange under the ticker "BAKKA".

4.6 Historical development in share capital and number of Shares

The Company's share capital per 1 January 2007 was DKK 2,991,789 each with a par value of DKK 1 or multiples hereof. The Company had issued 67 shares, each with par values ranging from DKK 1,000 to DKK 1,000,000. Each par value of DKK 1 carried one vote.

The development of the Company's share capital from 1 January 2007 is shown in the table below.

Year	Type of change in share capital	Change in issued share capital	Change in number of shares	Par value per share (DKK)	Total issued share capital (DKK)	Total number of issued shares following change
2007	IB 1. Jan			1,000-1 million	2,991,789	67
2010	Change nominal value			1	2,991,789	2,991,789
2010	Issue Merger	972,064	972,064	1	3,963,853	3,963,853
2010	Equity Issue/ Share split	42,286,147	42,286,147	1	46,250,000	46,250,000
2010	Share Issue	2,608,065	2,608,065	1	48,858,065	48,858,065

In the period from 1 January 2007 to the date of this IM the Company has issued shares against contribution in kind for more than 10 % of its share capital in connection with the Merger with P/f Vestlax. The shareholders in P/f Vestlax Holding received a total of 972,064 share in P/f Bakkafrost as part of the settlement in the merger, approved on the AGM the 15 February 2010.

4.7 Major shareholders

As of 4 May 2011, the Company had 711 registered shareholders in the VPS. The table below shows the 20 largest shareholders of the Company as registered in the VPS as of 26 April 2011:

Rank	Shareholder	No. Shares	% Ownership:
1	SALMAR ASA	11,380,265	23.29%
2	HAVSBRUN P/F	8,166,540	16.71%
3	JACOBSEN HANS	4,594,437	9.40%
4	JACOBSEN JOHAN REGIN	4,491,217	9.19%
5	JPMORGAN CHASE BANK	2,257,312	4.62%
6	NORDEA BANK DENMARK AS	1,716,241	3.51%
7	DANSKE BANK A/S	1,485,283	3.04%
8	JPMBLSA	1,045,136	2.14%
9	STATE STREET BANK AND TRUST CO	780,887	1.60%
10	OM HOLDING AS	700,000	1.43%
11	MORGAN STANLEY & CO INTERNAT. PLC	600,000	1.23%
12	JPMORGAN CHASE BANK	559,153	1.14%
13	HOLBERG NORGE	491,238	1.01%
14	VARMA MUTUAL PENSION INSURANCE	457,400	0.94%
15	BROWN BROTHERS HARRIMAN & CO	447,259	0.92%
16	UBS (LUXEMBOURG) S.A.	434,801	0.89%
17	ALFRED BERG GAMBAK VPF	380,676	0.78%
18	JP MORGAN CHASE BANK, NA	368,433	0.75%
19	JACOBSEN ROGVI	350,038	0.72%
20	STICHTING PENSIOENFONDS METAAL EN	349,258	0.71%
Total		48,858,065	100.00%

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notify able pursuant to the Norwegian Securities Trading Act. As of the date of this Information Memorandum SalMar ASA, P/f Havsbrún, Hans Jacobsen and Regin Jacobsen owned 23.3%, 16.7%, 9.4% and 9.2% respectively, of the Shares. The Company is not aware of any other persons or entities that, directly or indirectly, have an interest in 5% or more of the Shares.

As of the date of this Information Memorandum, and insofar as is known to the Company, there are no persons or entities who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company, and the Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

4.8 Legal proceedings

Bakkafrost is not and has not during the previous 12 months been involved in any governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's or the Group's financial position or profitability, and to its knowledge no such proceedings are pending or threatened.

4.9 Material Contracts

The Board of Directors for Bakkafrost and P/f Vestlax Holding on 8 January 2010 proposed to merge the companies with financial effect from 1 January 2010. Bakkafrost was the continuing company, whilst Vestlax Holding ceased to exist. The merger was resolved by the general meeting on both companies on 15 February 2010. The shareholders in P/f Vestlax Holding have received 972,064 new shares in the continuing company compared to the 2,991,789 shares outstanding in Bakkafrost pre merger.

Other than the agreement between Bakkafrost and Vestlax regarding the merger of the two companies, and the acquisition as described under section 3 and agreements entered into in the ordinary course of business, no material contract has been entered into by Bakkafrost or any member of the Group for the two years immediately preceding the date of this Information Memorandum, and no contract containing obligations or entitlements that are, or may be, material to the Group as of the date of this Information Memorandum has been entered into by any member of the Group.

4.10 Research and development, patents and licenses, industrial agreements, business arrangements, financial contracts or new production methods

The Company does not undertake any significant research and development activities or holds any patents material for its business or profitability.

The Company has no industrial agreements, business arrangements or financial contracts outside ordinary business agreements on feed and sales contracts.

The Company have no new production methods.

The Company have no licenses other than farming licenses mentioned under section 4.

4.11 Corporate Governance

The Company is in compliance with the Norwegian corporate governance regime, as detailed in the Norwegian Code of Practice for Corporate Governance, published on 21 October 2010 by the Norwegian Corporate Governance Board (the "Code of Practice").

The Company's principles for corporate governance correspond with the Code of Practice apart from that the board holds an authorisation to issue shares which have not been restricted to a defined purpose.

5. DESCRIPTION OF HAVSBRÚN

5.1 Corporate information

P/f Havsbrún was incorporated in 1966 and registered in the Faroe Islands Company register with registration number 58. P/f Havsbrún is a public limited company (Faroese: partafelag, P/f) which operates under the Faroese Public Company Act (Act no. 1356 of 09.12.2007).

The Company's postal address and contact data are:

P/f Havsbrún	Telephone:	+298 414 400
Bakkavegur 48,	Fax:	+298 414 401
FO-530 Fuglafjørður	E-mail:	havsbrun@havsbrun.fo
Faroe Islands	Web site:	www.havsbrun.fo

5.2 Business Overview

Havsbrún is a modern, internationally renowned producer of fish meal, fish oil, and fish feed situated in the Faroe Islands. The production is exported as well as sold domestically. The subsidiaries are producing farmed salmonoid products.

Havsbrún has the following significant operating group companies:

- P/F Faroe Farming (78.1%)
- P/F Viking Seafood (78.1%)
- P/F Salmex Faroe (78%)
- P/F Salmpro (52%)

In addition Havsbrún has the following significant financial holdings:

- P/F Bakkafrost (16.7%)
- A/S Hanstholm Fiskemelsfabrik (34.5%)
- P/F Keldan (25.6%)

5.3 Board of directors, management and employees

Havsbrún´s Board of Directors comprises of the following directors: Poul Hansen (Chairman), Høgni Hansen, Tummas Eliassen, Regin Jacobsen, Kristoffur Laksá, Jàkup Birgir Mohr, Jùstinus L. Justinussen, Niels J.T. Nielsen, Petur H. Jacobsen and Christian Christiansen

Havsbrún´s Executive Management comprises of the following: Bergur Poulsen (CEO), Jústines Justinussen (CFO), Odd Eliasen (Director Feed Division), Hartvig Joensen (Director, Meal & Oil division) and Yngvi L. Olsen (CTO).

Havsbrún has an average of 161 employees in 2010.

5.4 Share capital and shareholder information

The registered share capital in Havsbrun is DKK 10,600,000.

Prior to the Transaction 100% of the shares was owned by P/f Føroya Fiskiídnaður.

P/F Bakkafrost will own 100% of the shares in Havsbrun after the Transaction.

5.5 Selected Financial Information

The following tables present selected financial information for Havsbrun which has been derived from the Havsbrún´s audited consolidated financial statements as of and for the years ended 31 December 2010, 2009 and 2008.

5.5.1 Condensed consolidated income statement

Years ended 31 December (DKK 1,000)	FGAAP Actual		
	2010 (Audited)	2009 (Audited)	2008 (Audited)
Operating income	823,303	575,667	670,161
Operating profit	238,230	65,801	82,994
Profit before tax	553,020	63,738	68,230
Income tax (expense) / income	-96,081	-9,804	-11,815
Net Annual Profits	441,087	52,828	56,925

SOURCE: ANNUAL REPORTS 2010-2008

5.5.2 Condensed consolidated balance sheet as of:

Years ended 31 December (DKK 1,000)	FGAAP Actual		
	31.12.2010 (Audited)	31.12.2009 (Audited)	31.12.2008 (Audited)
Assets			
Total non-current assets	564,852	193,904	207,270
Total current assets	443,731	267,036	294,278
Total Assets	1,008,584	460,940	501,548
Liabilities			
Equity			
Total shareholders' equity	659,504	248,154	282,551
Liabilities			
Minority interests	29,562	3,666	2,559
Provisions	71,449	2,867	1,727
Long-term liabilities	96,955	108,628	90,988
Short-term liabilities	151,113	97,624	123,722
Total liabilities	248,068	206,252	214,710
Total shareholders' equity and liabilities	1,008,584	460,940	501,548

SOURCE: ANNUAL REPORTS 2010-2008

5.5.3 Comments to the historical financial information

The feed price and salmon price have increased in 2010 resulting in a significant stronger operational EBIT in 2010 compared to 2009 and 2008. The strong results in associated companies such as Bakkafrost have also contributed to a strong net annual profit in Havsbrún.

The financial year 2010 yielded a profit of DKK 441 million as compared to a profit of DKK 53 million for 2009.

P/F Havsbrún received about the same amount of raw material in 2010 as in 2009. Feed sales decreased compared to 2009.

The oil market has been volatile these last tree years. From an historical high first half 2008, the prices fell considerably towards the end of 2008. The decline continued in the first half of 2009, but since summer 2009 the market prices have improved.

5.6 Trend Information

The inflow of raw materials to the oil and meal production in 2011 is expected to be the same as in 2010.

The Faroese fish farming industry is currently well organized, and great efforts are made to minimize fish decease.

Total production of farmed salmonoids in 2011 is estimated to 60.000 tonnes, and the feed consumption will be around 70.000 tonnes.

The Company has not experienced any changes or trends outside the ordinary course of business that are significant to the Company after 31 December 2010 and to the date of this Information Memorandum, other than those described above. The Company does not know of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year other than those described under section 3.

5.7 No Significant Change

There have been no significant changes in the financial or trading position of Havsbrun subsequent to 31.12.2010, which Bakkafrost is aware of, other than those described in Section 3.

5.8 Legal proceedings

Havsbrun is involved in a legal proceeding with Fuglefjord Kommune. The disagreement is related to a dispute on a raw material tax of 0.75% on fish to meal and oil production imposed from 2008. The dispute is related to the existence of the tax and the responsibility for the payment of the tax (ship or processor). The court proceedings are scheduled for the 30th May 2011 in Tórshavn. The total amount for the period 2008 – YTD 2011 is DKK 3.9 million and is booked as a provision for debt in the annual account for 2008 – 2010 for Havsbrún.

Other than the legal proceeding above Havsbrun is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Havsbrún is aware) which may have or have had in the recent past significant effects on the Havsbrún and/or the Havsbrun Group's financial position or profitability, nor has Havsbrun been involved in any such proceedings during the past 12 months.

5.9 Material Contracts

Other than the Transaction, Havsbrun has not, or any other company within the Havsbrun Group, entered into any material contracts other than in the ordinary course of business for the two years preceding publication of this Information Memorandum of which the Havsbrún is aware of.

6. MARKET INFORMATION

This chapter and the information herein, as text, numbers and graphs or otherwise, is prepared by and is the property of Kontali Analyse AS. The information is prepared on request from Nordea Markets and Bakkafrost.

6.1 Main trends in the human consumption of seafood

The Food and Agriculture Organization of the United Nations (the "FAO") have estimated that in 2006 the total human consumption of seafood was approximately 110.4 million tonnes. According to the FAO, the demand for seafood has been growing and was expected to continue growing, at a faster rate than most of the other main food product categories.

The following factors have been identified as the main drivers for continuing growth:

Increase of per capita consumption from about 17.0 kilograms in 2008 to 19-21 kilograms by 2030

Increased standard of living in Asia, South America, Russia and parts of Eastern Europe has increased the demand for premium food products such as salmon

Growth in world population leads to higher demand

Seafood is considered to be a healthy and nutritious alternative to meat products whit a high percentage of Omega 3 fatty acids

Farmed fish production is a more efficient source of protein relative to other sources of animal protein

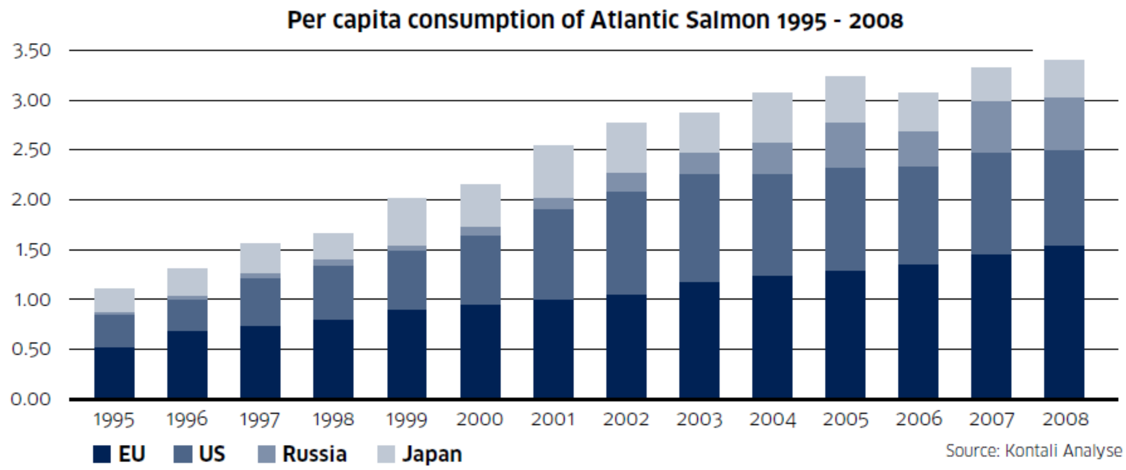
Aquaculture is forecast to continue to grow to meet growing demand. However, the growth rate has slowed down the last years. Biological issues, costs increase and also lower market prices are important factors for reduced production in short terms.

6.2 Main markets for salmon

The EU, the USA, Japan and Russia are the main markets for Atlantic salmon. The EU market is the largest market in terms of volume. The EU market and especially the Russian market have shown solid growth over the last couple of years. These main markets seem to be partly independent of each other with regards to prices and demand, as one could see in 2003 when prices in Europe were very low compared to the relatively strong prices in the US.

The figure shows per capita consumption for farmed Atlantic salmon 1995–2008 for the selected main markets USA, EU, Russia and Japan.

Figure 6-1: PER CAPITA CONSUMPTION



6.2.1 The US market

The total supply of Atlantic salmon to the US market was approximately 257 400 tonnes in 2010, down by 8% from 2009. The main reason for the decline in supply to the US is lower supply from Chile, which was caused by production problems, mainly ISA problems.

The largest supplier is currently Canada with approximately 87.400 tonnes. The European supply to the US-market has increased by nearly 50,000 tonnes. The increased supply from other countries has partially compensated for the drop in supply from Chile, but the total supply to the US market has dropped by 8% last year.

Bakkafrost and the Faroese salmon producers are competitive on the US market. The Group has a running operation and ongoing sales of large salmon, supported by efficient logistical systems for distribution of the products (both fresh and frozen) from the Faroe Islands to the US. The US market prefers the higher than average size and weight and the high level of Omega-3 offered in salmon produced from the Faroe Islands.

Figure 6-2: SUPPLY OF ATLANTIC SALMON - US

SUPPLY OF ATLANTIC SALMON TO THE US MARKET (tonnes wfe)

Country	2003	2004	2005	2006	2007	2008	2009E	2010E
Chile	195,400	207,900	202,900	184,100	187,500	174,200	107,100	53,800
Canada	64,800	62,200	78,900	86,000	80,100	86,300	81,100	87,400
Norway	16,400	10,200	9,000	11,000	14,300	9,600	40,300	53,800
United Kingdom	16,400	11,100	6,200	9,500	15,700	15,700	26,500	33,800
Faroe Islands	2,700	1,100	900	300	1,600	2,700	11,200	9,700
USA	12,100	6,100	3,000	3,000	7,100	4,500	8,800	7,800
Other	3,500	2,800	800	900	800	1,500	6,200	11,100
Total	**311,300**	**301,400**	**301,700**	**294,800**	**307,100**	**294,500**	**281,200**	**257,400**
Growth rate		-3%	0%	-2%	4%	-4%	-5%	-8%

Source: Kontali Analyse

6.2.2 The EU market

The supply of Atlantic salmon decreased from 766.300 tonnes in 2009 to 738.300 tonnes in 2010, constituting a decrease of 4%. This was mainly due to decreased imports from Chile and UK. The bulk of the salmon supplied to the EU market is still whole gutted fresh fish, while the processing takes place in the market. In contrast, the USA market can to a larger extent be characterized as a market for processed fish as the bulk of the supply is filleted fish from Chile. The EU consumption of farmed salmon constitutes around half of the global consumption, with the largest share of the supply coming from Norwegian and UK salmon farmers.

Figure 6-3: SUPPLY OF ATLANTIC SALMON - EU

SUPPLY OF ATLANTIC SALMON TO THE EU MARKET (tonnes wfe)

Country	2003	2004	2005	2006	2007	2008	2009E	2010E
Norway	360,400	383,600	411,800	440,800	506,800	532,100	591,700	615,300
United Kingdom	138,300	134,300	109,300	111,100	112,800	115,700	110,200	97,600
Chile	23,900	42,200	84,000	80,700	67,800	67,100	39,800	10,600
Faroe Islands	41,900	32,800	16,100	9,700	13,100	29,900	30,000	25,900
Other	13,500	6,500	8,400	7,400	3,800	(8,200)	(5,400)	(11,100)
Total	**578,000**	**599,400**	**629,600**	**649,700**	**704,300**	**736,600**	**766,300**	**738,300**
Growth rate		4%	5%	3%	8%	5%	4%	-4%

Source: Kontali Analyse

6.2.3 The market in Russia

During the last couple of years, the Russian market has increased its importance as a major market for Atlantic salmon. The supply of Atlantic salmon increased from 78.400 tonnes in 2009 to 99.300 tonnes in 2010, constituting an increase of 27%. Norway is by far the largest supplier of Atlantic salmon to the Russian market.

Figure 6-4: SUPPLY OF ATLANTIC SALMON - RUSSIA

SUPPLY OF ATLANTIC SALMON TO THE RUSSIAN MARKET (tonnes wfe)

Country	2003	2004	2005	2006	2007	2008	2009E	2010E
Norway	28,900	39,800	56,000	36,900	60,400	62,400	69,600	93,500
Chile	1,100	2,400	5,900	5,600	3,200	6,000	5,000	900
Canada	-	-	-	-	-	-	-	-
USA	-	-	-	-	-	-	-	-
United Kingdom	-	100	1,200	4,000	3,400	200	1,300	2,600
Faroe Islands	200	600	300	600	1,800	1,600	1,100	200
Other	500	500	300	2,900	3,800	4,500	1,400	2,100
Total	**30,700**	**43,400**	**63,700**	**50,000**	**72,600**	**74,700**	**78,400**	**99,300**
Growth rate	#REF!	41%	47%	-22%	45%	3%	5%	27%

Source: Kontali Analyse

6.3 Supply – Production regions

Norway, Chile, UK and Canada are the main suppliers of Atlantic salmon. The largest growth potential for production of Atlantic salmon is expected to be in Norway and Chile due to favourable growing conditions and availability of sites.

The Global harvest quantity of Atlantic salmon for the period 2003 – 2010E is illustrated in the table below.

Figure 6-5: SUPPLY OF ATLANTIC SALMON

GLOBAL SUPPLY OF ATLANTIC SALMON (tonnes wfe)

Country	2003	2004	2005	2006	2007	2008	2009E	2010E
Norway	508,400	536,900	573,500	598,600	723,100	740,900	855,700	944,700
Chile	280,700	346,200	385,200	368,600	356,400	403,100	239,100	130,100
UK	160,900	149,800	119,700	127,400	134,800	136,500	144,800	140,700
Canada	92,000	89,000	107,500	115,000	109,500	118,500	117,000	115,500
Faroe Islands	47,000	36,700	17,100	11,900	19,200	37,900	48,100	41,400
USA	18,000	13,300	9,600	10,200	12,300	17,000	16,400	18,500
Ireland	18,400	12,400	12,400	14,500	15,300	11,400	15,500	17,000
Others	17,700	20,700	26,800	25,800	27,700	28,100	33,900	34,200
Total	**1,143,100**	**1,205,000**	**1,251,800**	**1,272,000**	**1,398,300**	**1,493,400**	**1,470,500**	**1,442,100**
Growth rate	#REF!	5%	4%	2%	10%	7%	-2%	-2%

Source: Kontali Analyse

6.4 The industry structure

The salmon farming industry is characterized by strong competition between a limited number of multinational players and a large number of relatively small local players, particularly in Norway. Along with growth in the aquaculture industry the structure has changed significantly over the past decade. From a structure of only local players serving a limited number of markets, primarily with standardized products, the industry has seen increased industrialization and the emergence of multinational competitors serving all key markets on a global scale with a growing product portfolio. Large structural changes have taken place particularly in Norway and Europe the last couple of years.

The production costs are highly influenced by the feed cost, which constitute of nearly 55% of the production cost. Other main costs within the fish farming industry are smolt and harvest. The figure above shows the split of cost for Norwegian fish farmers in 2009.

Figure 6-6: COST SPLIT FAROE ISLANDS

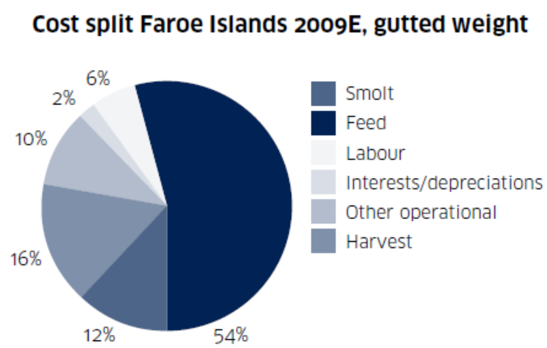
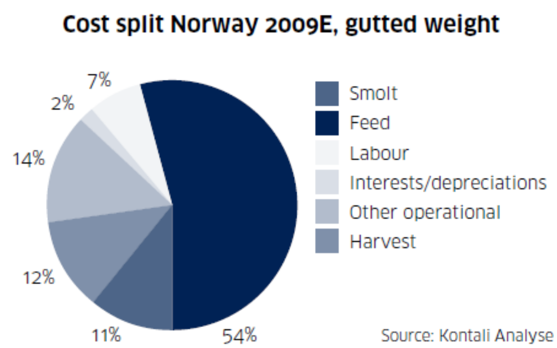


Figure 6-7: COST SPLIT NORWAY

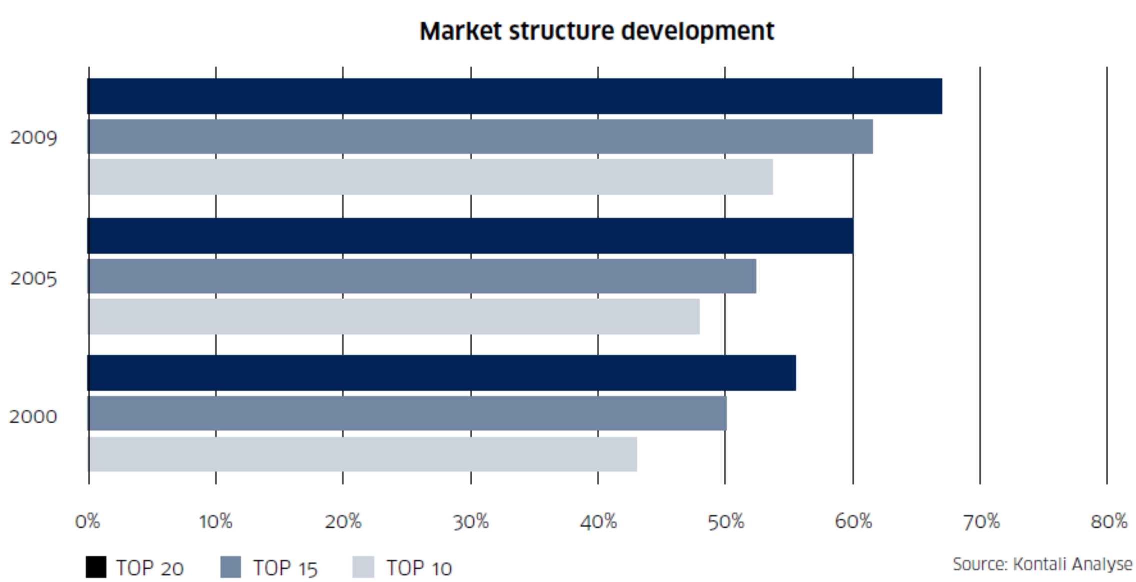


6.4.1 The market players

In Chile, Scotland and Canada, more efficient larger players have gradually taken over most of the smaller producers, and the same trend has to some extent been apparent in Norway lately. Globally, the 10 and 15 largest companies control approximately 50 and 60% of total harvest quantity, respectively.

The figure below shows the increased consolidation in the market the last couple of years.

Figure 6-8: MARKET STRUCTURE



Operational synergies may be generated from further consolidation, and it is expected that larger companies will benefit the industry in general. Size and integration tend to be advantageous for R&D and product development.

6.5 Trend Information

The Company has not experienced any changes or trends outside the ordinary course of business that are significant to the Company after 31 December 2010 and to the date of this Information Memorandum. The Company does not know of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year other than those described under section 3.

7. FINANCIAL INFORMATION FOR BAKKAFROST

7.1 Historical financial information and summary of accounting policies

The Company's historical consolidated financial statements were prepared in accordance with IFRS.

The Company's audited consolidated financial statements as of, and for the years ended, 31 December 2010, 2009 and 2008, including an overview of the Company's accounting polices, explanatory notes and auditor's statements, are incorporated by reference hereto, see Section 7.2 below.

Inpact audited the Company's consolidated financial statements as of, and for the years ended, 31 December 2010, 2009 and 2008, without any qualifications or disclaimers. There is no other information in the Information Memorandum which has been audited by the auditors.

Full annual reports are available ref section 10.2.

7.2 Selected financial information for Bakkafrost

The following tables present selected financial information for Bakkafrost as of, and for the years ended, 31 December 2010, 2009 and 2008, which has been derived from the Company's audited consolidated financial statements as of and for the years ended 31 December 2010, 2009 and 2008.

7.2.1 Condensed consolidated profit and loss account

Years ended 31 December (DKK 1,000)	IFRS Actual		
	2010 (Audited)	2009 (Audited)	2008 (Audited)
Operating income	820,212	596,565	365,634
Operating expenses	-543,957	-417,368	-275,771
Operating profit before deprec. and fair value adjustments of biological assets	273,911	179,197	89,863
Income from associated companies	512	340	-110
Depreciation and amortisation	-42,257	-20,797	-18,963
Impairment			
Operating profit before fair value adjustments of biological assets	232,166	158,740	70,790
Fair value adjustments of biological assets	81,070	33,655	-7,632
Operating profit	315,580	192,394	63,157
Financial income	1,051	2,915	1,505
Financial costs	-9,372	-14,072	-18,515
Profit before income tax	307,259	181,237	46,148
Income tax (expense) / income	-47,548	-32,509	-7,810
Profit for the period	259,711	148,728	38,339
Minority interest			
Earnings per share (DKK)	5.41	49.71	12.81
Earnings per share fully diluted	5.41	49.71	12.81

SOURCE: ANNUAL REPORTS 2010-2008

The Bakkafrost Group generated gross operating revenues of DKK 820.2 million in 2010, compared with DKK 596.6 million in 2009. The increase is primarily due to the merger with the Vestlax Group, but also to the increase in the salmon prices. The operations harvested a total of 21,626 tonnes gutted weight, compared with 18,685 tonnes in 2009. If you compare the 21,626 tonnes gutted weight in 2010 with what Bakkafrost and Vestlax harvested in 2009, it is a decrease, as the combined Groups harvested 30,650 tonnes gutted weight in 2009.

The Group made an operating EBIT* of DKK 247.3 million in 2010, compared with DKK 158.7 million in 2009. Operating EBIT came to DKK 11.44 per kg gutted weight, compared with DKK 8.49 in 2009. Consolidated net profit totalled DKK 259.7 million in 2010, compared with DKK 148.7 million in 2009. Earnings per share totalled DKK 5.41 in 2010. The cash flow from operations was DKK 195.0 million, compared with DKK 188.7 million in 2009. The Group's net interesting bearing debt amounted to DKK 70.2 million, and solvency was in excess of 76%.

7.2.2 Condensed consolidated statement of financial position

Years ended 31 December (DKK 1,000)	IFRS Actual		
	2010 (Audited)	2009 (Audited)	2008 (Audited)
Assets			
Total non-current assets	519,427	257,741	247,657
Total current assets	665,229	363,291	304,873
Total Assets	1,184,656	621,032	552,530
Equity and liabilities			
Total shareholders' equity	902,289	388,887	241,650
Total long-term liabilities	157,366	91,431	111,184
Total short-term liabilities	125,000	140,714	199,696
Total liabilities	282,367	232,145	310,880
Total shareholders' equity and liabilities	1,184,656	621,032	552,530

SOURCE: ANNUAL REPORTS 2010-2008

The Group's total balance as of 31 December 2010 amounted to DKK 1,184.7 million, compared to DKK 621.0 million at the end of 2009. The increase is most of all due to the merger with Vestlax.

During the year, the Group invested approximately DKK 68.4 million. Investments were made in buildings, processing equipment and general farming facilities. The company continues to invest in all activities to adjust capacity. The Group's book value (fair value) of biological assets (fish in the sea) amounted to DKK 482.1 million at the end of the year, compared to DKK 227.5 million at the end of 2009. The total fair value adjustment of the biomass amounted to DKK 130.8 million year-end 2010, compared to DKK 46.9 million at the end of 2009. At the end of 2010, the biomass of fish at sea under 4 kg/each was 5,723 tonnes live weight, compared to 5,159 tonnes live weight at the end of 2009. The biomass of fish exceeding 4 kg was 12,266 tonnes live weight, compared to 5,510 tonnes live weight at the end of 2009. The reason for the increase is due to the increased smolt release in 2010.

The Group's equity increased from DKK 388.9 million at the start of the year to DKK 902.3 million at the end of the year. The increase in equity can primarily be attributed to the good net result in 2010, the share capital increase in connection with the listing on

Oslo Stock exchange and the merger with Vestlax on 1 January 2010. The increase in the equity due to the merger amounted to DKK 185.2 million, and the share capital increase amounted to DKK 75,000 before costs of DKK 7.3 million.

The Group's total non-current liabilities increased from DKK 91.4 million to DKK 157.4 million. The deferred tax increased by DKK 62.9 million, while the long-term debt increased by DKK 3.0 million, to DKK 37.4 million at the end of 2010. The Group's total non-current liabilities amounted to DKK 125.0 million, compared to DKK 140.7 million at the end of 2009.

The Bakkafrost Group's net interesting bearing debt amounted to DKK 70.2 million at the end of 2010, compared to DKK 97.3 million at the end of 2009. The Group had an equity ratio of 76.2 percent as of 31 December 2010, compared to 62.6 percent at the same date in 2009. A healthy financial position is considered to be a crucial element in the Group's strategy for further growth and profitability. The Group will continue to place great emphasis on this going forward.

7.2.3 Condensed consolidated cash flow statements

Years ended 31 December (DKK 1,000)	IFRS Actual		
	2010 (Audited)	2009 (Audited)	2008 (Audited)
Net cash flow from operating activities	195,043	188,691	48,995
Net cash flow from investing activities	-71,693	-26,602	-40,551
Net cash flow from financing activities	-149,902	-127,241	-7,992
Net cash flow in the accounting period	-26,552	34,848	452
Cash position at beginning of period	35,680	471	18
Cash position at the end of period	9,128	35,319	471

SOURCE: ANNUAL REPORTS 2010-2008

The total cash flow from operating activities in 2010 was DKK 195.0 million, compared to DKK 188.7 million in 2009. Cash flow from investing activities came to DKK -71.7 million and relates to investment in farming equipment, the VAP plant and general investments. Cash flow from financing activities totalled DKK -149.9 million, which reflects a net payment of bank funding, the share capital increase prior to the listing on Oslo Stock Exchange, sale of own shares and payment of dividend. Net cash flow for the period amounted to DKK -26.6 million. Cash at the end of the year was DKK 9.1 million, compared to DKK 35.3 million at the start of the year. Together with established credit facilities with its banking partners, the Group's liquidity and financial strength is considered to be good. The undrawn financing facility amounted to approximately DKK 320 million at 31 December 2010.

7.2.4 Change in shareholders equity

The table below shows the changes in the Company's shareholders' equity over the past three accounting years 2008-2010.

Years ended 31 December (DKK 1,000)	IFRS 2010	IFRS 2009	IFRS 2008
Shareholders' equity as at 1 January	388,887	241,650	207,344
Profit for the year	259,711	148,728	38,339
Fair value adjustment on securities available for sale	5,830	4,279	1,179
Adjustment of deferred tax	-1,594	-770	-212
Change in accounting policy			
Proposed dividend	-191,035	-18,000	-5,000
Net proceeds from share capital increases	80,576		
Equity increase by merger	185,151		
Paid out dividend	-18,000	-5,000	-5,000
Dividend on treasury shares	357		
Dividend payable	191,035	18,000	5,000
Shareholders' equity as at 31 December based on IFRS	902,289	388,887	241,650

SOURCE: ANNUAL REPORTS 2010-2008

7.3 Segments

Set out below are the condensed segment information for the Company for the financial years ended 31 December 2010, 2009 and 2008.

7.3.1 Revenues per geographic market

The table below shows the distribution of the Company's revenues per geographic market, in which the company operates.

(DKK 1,000)	2010	2009	2008
EU	589,620	443,398	354,965
US	121,366	128,210	943
Other	109,226	24,956	9,726
Total	820,212	596,565	365,634

SOURCE: ANNUAL REPORTS 2010-2008

The main parts of the Company's products are sold directly to customers in Europe or US importers. By-products are sold to Asia which is included in others.

7.3.2 Revenues per business segment

Bakkafrost Group has fundamentally two business activities (business segments), farming of fish including sale of fresh fish and value adding of salmon products.

Farming including sale of fresh fish:

Farming is one of Bakkafrost's segments. The Group has production facilities in the central and north-eastern parts of the Faroe Islands. There are no significant differences in the production properties of the licences, and the Group therefore reports the farmed salmon, including the sale of fresh salmon, as one segment.

Value Added Products (VAP):

A significant part of the farmed products are processed at the factory in Glyvrar. The output of the factory is predominantly portions for the retail market. Therefore this is reported as one segment.

2010 (DKK 1,000)	Farming	Value Added Products	Elimin.	Bakkafrost Group
Total operating revenues	771,747	473,142	-424,677	820,212
Operating profit before deprec. and fair value adjustments of biological assets	314,889	-38,122	0	276,767
Operating profit before fair value adjustments of biological assets	276,813	-42,302	0	234,511
Fair value adjustments biological assets	83,926	-2,856	0	81,070
Net operating profit (EBIT)	360,739	-45,158	0	315,581

2009 (DKK 1,000)	Farming	Value Added Products	Elimin.	Bakkafrost Group
Total operating revenues	487,867	358,709	-250,011	596,565
Operating profit before deprec. and fair value adjustments of biological assets	144,583	34,613	0	179,196
Operating profit before fair value adjustments of biological assets	127,898	30,841	0	158,739
Fair value adjustments biological assets	33,655	0	0	33,655
Net operating profit (EBIT)	161,553	30,842	0	192,394

2008 (DKK 1,000)	Farming	Value Added Products	Elimin.	Bakkafrost Group
Total operating revenues	300,982	243,171	-178,519	365,634
Operating profit before deprec. and fair value adjustments of biological assets	79,575	10,288	0	89,863
Operating profit before fair value adjustments of biological assets	64,465	6,324	0	70,789
Fair value adjustments biological assets	-7,632	0	0	-7,632
Net operating profit (EBIT)	56,833	6,324	0	63,157

SOURCE: ANNUAL REPORTS 2010-2008

Distribution of harvested and purchased volume	2010		2009		2008	
	gwt	%	gwt	%	gwt	%
Harvested volume used in VAP production	12,903	59%	10,977	57%	8,416	59%
External purchase of salmon for VAP production	163	1%	304	2%	0	0 %
Harvested volume sold fresh/frozen	8,723	40%	7,708	40%	5,763	41%
External purchase of salmon sold fresh/frozen	10	0%	302	2%	0	0 %
Harvested and purchased volume (gwt)	21,799	100 %	19,292	100 %	14,179	100 %

SOURCE: ANNUAL REPORTS 2010-2008

7.3.3 Comments to the historical financial information

Gross external operating revenues for Bakkafrost's farming segment increased to DKK 771.1 million in 2010, up from DKK 301.0 million in 2009. The increase is due to a combination of higher spot prices and increased harvested volumes after the merger with Vestlax. Operational EBIT, which is EBIT adjusted for fair-value adjustments on biomass, and listing costs totalled DKK 276.8 million, compared to DKK 127.9 million in 2009. The increase in the performance of the Group reflects the increase in the salmon price, the excellent biological situation and our dedicated staff. The Group's farming segment harvested 21,799 tonnes gutted weight in 2010, compared to 19,292 tonnes in 2009.

The value added segments external operating revenue amounted to DKK 473.1 million in 2010, compared to DKK 358.7 million in 2009. Operational EBIT, which is EBIT adjusted for provision for onerous contracts and listing costs, totalled DKK -43.3 million, compared to DKK 30.8 million in 2009. The increase in the salmon price during 2010 reflects the negative result from the value added segment. During 2010, the salmon prices have increased gradually most of the year. As there is a time lag between the movement in the fresh salmon prices and the contract prices, it takes time to catch up to the strong price for fresh salmon. This has therefore resulted in a loss in the VAP segment in 2010 for the first year ever since the production of VAP products commenced in 1995 in Bakkafrost. The VAP segment purchases salmon from the farming segment at spot prices each week.

In 2010, the associated company P/F Salmon Proteins achieved a net result to Bakkafrost of DKK 0.5 million, compared to DKK 0.3 million in 2009. Since P/F Salmon Proteins is defined as an associated company on the Group consolidated level, the Bakkafrost Group recognises 58.5 percent of the company's profit after tax.

Financial income in 2010 amounted to DKK 1.1 million, compared to DKK 2.9 million in 2009. Net interest expenses amounted to DKK 8.2 million, compared to DKK 13.1 million in 2009. The decrease can be attributed to a decrease in long- and short-term interest bearing debt due to the Group's strong cash flow and to lower interest rates.

7.4 No Significant Change

There has not been any significant change to the Company's financial or trading position since 31 December 2010 to the date of this Information Memorandum, except for those related to the Transaction which is described in this Information Memorandum and the payout of dividend amounting to DKK 191 mill.

7.5 The Company's auditor

Inpact was appointed as the Company's auditor in 2006 (financial year ended 31 December 2006). The auditor's address is:

Sp/F Grannskoðaravirkið INPACT

R. C. Effersøesgøta 26

P.O. Box 191

FO-110 Tórshavn

The Faroe Islands

Inpact is a member of The Institute of State Authorized Public Accountants in Denmark (Foreningen af Statsautoriserede Revisorer, FSR).

8. UNAUDITED PRO FORMA FINANCIAL INFORMATION

8.1 Purpose of the un-audited pro forma financial information

The unaudited pro forma financial information has been compiled in connection with the acquisition by Bakkafrost of all outstanding shares in Havsbrún (the "Transaction") for purpose of the Information Memorandum prepared to comply with 3.5.2.6 of the "Continuing Obligations of Stock Exchange Listed Companies" issued by the Oslo Stock Exchange.

The unaudited pro forma financial information presented below has been compiled for illustrative purposes only to show how the Transaction might have impacted Bakkafrost if it had occurred on 1 January 2010. The unaudited pro forma financial information has been compiled based on certain assumptions that not necessarily would have been applicable if the transaction had taken place at the dates implied.

8.2 Basis for preparation

The unaudited pro forma financial information has been compiled in accordance with the requirements of EU regulation No 809/2004 as required by the Continuing Obligations. The unaudited pro forma financial information for the financial year ended 31 December 2010 has been compiled based on the audited historical consolidated financial statements for Bakkafrost and Havsbrún.

8.3 Uniform and consistent accounting policies

The consolidated financial statements of Bakkafrost have been prepared in compliance with IFRS as adopted by EU (IFRS). The unaudited pro forma financial information has been compiled using the groups accounting policies.

The unaudited pro forma financial information includes unaudited pro forma condensed profit and loss account and unaudited pro forma condensed statement of financial position and descriptions. Disclosures, statement of changes in equity and cash flow statement is not presented as would have been if a complete financial statement under IFRS had been complied.

8.4 Limitations

Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the group's actual financial positions or results.

Investors are cautioned not to place reliance on this unaudited pro forma financial information. The pro forma financial information is given for the purpose of complying with the Continuing Obligations and EU Regulations No. 809/2004 and for no other purpose.

8.5 Unaudited pro forma condensed combined financial information

Unaudited pro forma condensed profit and loss account for the year ended 31 December 2010

(DKK 1,000)	Bakkafrost Actual IFRS	Havsbrún Restated IFRS	Pro forma Adj.	Pro forma Bakkafrost after the Transaction
Operating revenue	820,212	822,917	-275,170	1,367,959
Purchase of goods	-301,446	-500,783	275,170	-527,059
Change in inventory and biological assets (at costs)	75,501	88,300	-12,782	151,019
Fair value adjustments on biological assets	83,926	24,048	12,782	120,756
Fair value (excess of costs) on biological assets acquired and harvested	0	0		0
Salary and personnel expenses	-118,409	-62,376		-180,785
Provision for onerous contracts	-2,856	0		-2,856
Listing costs	-12,790	0		-12,790
Other operation expenses	-186,813	-93,905		-280,718
Income from associates	512	325,778	-315,499	10,791
Depreciation	-42,257	-32,545		-74,802
Earnings bef. interests and tax (EBIT)	315,580	571,433	-315,499	571,514
Financial income	1,051	3,982	-3,849	1,184
Net interest expense	-8,180	-14,969	-30,000	-53,149
Net currency effects	819	1,863		2,682
Other financial expense	-2,011	0		-2,011
Earnings before taxes (EBT)	307,259	562,309	-349,348	520,220
Taxes	-47,548	-97,986	51,008	-94,526
Net earnings	259,711	464,323	-298,340	425,694
Non controlling interests' share of profits	0	-15,852		-15,852
Net earnings attributable to shareholders of P/F Bakkafrost	259,711	448,471	-298,340	409,842

SOURCE: ANNUAL REPORTS 2010

Unaudited pro forma statement of financial position as of 31 December 2010

(DKK 1,000)	Bakkafrost Actual IFRS	Havsbrún Restated IFRS	Pro forma Adj.	Pro forma Bakkafrost after the Transaction
Non current assets				
Intangible non-current assets	136,245	16,473	406,852	559,570
Tangible non-current assets	356,419	126,074		482,493
Financial non-current assets	26,763	421,701	-406,414	42,050
Total non-current assets	519,427	564,248	438	1,084,113
Biological assets	482,091	127,258		609,349
Inventory	28,501	203,566		232,067
Total inventories	510,592	330,823	0	841,415
Accounts receivable	125,619	88,181	-27,640	186,160
Other short term receivables	19,890	4,560		24,450
Total receivables	145,509	92,740	-27,640	210,609
Cash and cash equivalents	9,128	58,975		68,103
Total current assets	665,229	482,539	-27,640	1,120,128
TOTAL ASSETS	1,184,656	1,046,787	-27,202	2,204,241
Liabilities				
Share capital	48,858	10,600	-10,600	48,858
Other equity	853,431	682,548	-682,548	853,431
Total equity attributable to owners of Bakkafrost	902,289	693,148	-693,148	902,289
Non-controlling interests	0	29,562		29,562
Total equity	902,289	722,709	-693,148	931,850
Deferred tax	120,009	96,956	-51,008	165,957
Long term interest bearing debt	37,357	76,009	580,000	693,367
Total non-current liabilities	157,366	172,965	528,992	859,323
Short term interest bearing debt	41,961	97,787	164,594	304,342
Accounts payable and other debt	83,039	53,326	-27,640	108,725
Total short term liabilities	125,000	151,113	136,954	413,067
TOTAL EQUITY AND LIABILITIES	1,184,656	1,046,787	-27,202	2,204,241

SOURCE: ANNUAL REPORTS 2010

8.6 Description of pro forma adjustments

8.6.1 Profit and Loss statement:

The following adjustments have been made to the P&L:

8.6.2 Operating revenues and purchase of goods - Purchase of Feed

Purchase of feed from Havsbrún becomes internal sales. Revenues and cost of feed are reduced by the full amount of DKK 273 million. Bakkafrost realized revenues from transporting feed on behalf of Havsbrún of DKK 2 million which are eliminated as well. The elimination has no effect on net profit. Internal sales and cost of feed will be eliminated each year as a part of the consolidation of the accounts.

8.6.3 Fair value (excess of costs) on biological assets acquired and harvested

Sale of feed from Havsbrún is stored in inventory as biomass in inventory. Consequently the mark up gained by Havsbrún is an unrealized profit when Bakkafrost/Havsbrun is regarded as one entity, and has to be eliminated.

Fish at sea in Bakkafrost has consumed feed at a certain average rate pr. kg of biomass. Internal gains on feed equals biomass at sea times FCR on average times mark-up at Havsbrún. Internal gain on feed is eliminated with DKK 12.7 million.

Internal sales and cost of feed will be eliminated each year as a part of the consolidation of the accounts.

Faroe Farming was not a subsidiary at beginning of 2010 and fish in inventory at Viking was approx. 1 kg on average. No IFRS adjustment is entered in the opening balance, and no action is needed concerning these companies.

8.6.4 Income from associates

Havsbrún owns shares in Bakkafrost nom 8,166,540 equalling 16.7%. The shares are measured at Fair Value and write up is entered in Havsbrún P/L 2010.

The write up of DKK 316 million on shares in Bakkafrost is eliminated on Income from associates, financial non-current assets and equity. This item will not be recurring.

8.6.5 Financial income

Dividend from investment in Bakkafrost of DKK 3 million is eliminated. This item will not be recurring.

8.6.6 Net Interest expense

A Proforma provision for interest's costs of financing of the acquisition as pr. 1 January 2010 has been made of DKK 30 million. This item will not be recurring.

8.6.7 Taxes

Deferred taxes of DKK 51 million on shares in Bakkafrost and Dagsbrún at the beginning of year are eliminated in deferred taxes and other equity. Deferred tax on shares will be realised following the acquisition as described in chapter 3. This item will not be recurring.

8.6.8 Balance sheet:

The following adjustments have been made to the balance sheet:

8.6.9 Deferred taxes

Deferred taxes of DKK 51 million on shares in Bakkafrost and Dagsbrún at the beginning of year are eliminated in deferred taxes and other equity. Deferred tax on shares will be realised following the acquisition as described in chapter 3.

8.6.10 Intangible non-current assets

Allocation of purchase price increases the value of Intangible non-current assets with DKK 406 million.

8.6.11 Financial non-current assets

Havsbrún owns shares in Bakkafrost nom 8,166,540 equalling 16.7%. The shares are measured at Fair Value and write up is entered in Havsbrún P/L 2010.

The carrying amount of DKK 69 million on shares in Bakkafrost at the beginning of 2010 is eliminated in financial assets and other equity. This item will not be recurring, following the acquisition as described in chapter 3.

The write up of DKK 316 million on shares in Bakkafrost is eliminated on Income from associates, financial non-current assets and other equity (ref. sec. 8.6.4).

Bakkafrost holds shares in Havsbrún through Dagsbrún of DKK 19 million at the beginning of 2010. The shares are eliminated in financial assets and other equity following the business combination.

Havsbrún holds own shares through a 0.91% stake in Føroya Sildasøla, and 5.87% in Dagsbrún. These companies are acquired by Bakkafrost and the shareholdings become internal. The carrying amount of DKK 2 million is eliminated in financial assets and other equity.

The total amount to the adjustments above summarises to DKK 406 million.

8.6.12 Accounts receivables/payables - Feed credits

Unsettled feed payables of DKK 27 million become internal balances and are eliminated. The elimination reduces total assets but no effect on equity.

8.6.13 Share Capital

The share capital in Havsbrun has been eliminated with DKK 10 million.

8.6.14 Other Equity

Entries on other equity have been eliminated with DKK 683 million. The amount is related to the allocation of purchase price which adjusts the value of Other Equity with DKK 325 million. The remaining is related to deferred taxes and shares in Bakkafrost etc, see section 8.6.4, 8.6.7 and 8.6.9.

8.6.15 Long term and short term interest bearing debt

Allocation of purchase price increases the value of Long term interest bearing debt with DKK 580 million and short term debt with DKK 165 million.

8.7 IFRS adjustments for P/f Havsbrún 2010

The Annual Report of P/F Havsbrun is prepared according to the Faroese Financial Reporting Act (FO-GAAP). The following consolidated reconciliation shows the effects of P/F Havsbrún´s transition of annual figures from FO-GAAP to IFRS for the purpose of the Pro Forma information. The annual report is attached as appendix 2.

Unaudited restatement of condensed profit and loss account for the year ended 31 December 2010

(DKK 1,000)	Havsbrún Actual FO-GAAP	Adj. to the opening balance	Other adj.	Havsbrún Restated IFRS
Operating revenue	822,917			822,917
Purchase of goods	-500,783			-500,783
Change in inventory and biological assets (at costs)	88,300			88,300
Fair value adjustments on biological assets	0		24,048	24,048
Fair value (excess of costs) on biological assets acquired and harvested	0			
Salary and personnel expenses	-62,376			-62,376
Other operation revenue				
Other operating expenses	-79,145	-14,760		-93,905
Income from associates	325,778			325,778
Depreciation	-32,545			-32,545
Earnings before interests and taxes (EBIT)	562,145	-14,760	24,048	571,433
Financial income	3,982			3,982
Net interest expense	-14,969			-14,969
Net currency effects	1,863			1,863
Other financial expense	0			
Earnings before taxes (EBT)	553,021	-14,760	24,048	562,309
Taxation	-96,082		-1,904	-97,986
Net earnings before minority interests	456,939	-14,760	22,144	464,323
Minority interests	-15,852			-15,852
Net earnings	441,087	-14,760	22,144	448,471

SOURCE: ANNUAL REPORT 2010

Unaudited restatement of financial position as of 31 December 2010

(DKK 1,000)	Havsbrún Actual FO-GAAP	Adj. to the opening balance	Other adj.	Havsbrún Restated IFRS
Non current assets				
Intangible non-current assets	16,473			16,473
Tangible non-current assets	126,678	-604		126,074
Financial non-current assets	421,701			421,701
Total non current assets	564,852	-604		564,248
Biological assets	103,210		24,048	127,258
Inventory	203,566			203,566
Accounts receivable	73,421	14,760		88,181
Other short term receivables	4,560			4,560
Cash and cash equivalents	58,975			58,975
Total current assets	443,732	14,760	24,048	482,539
TOTAL ASSETS	1,008,584	14,156	24,048	1,046,787
Liabilities				
Share capital	10,600			10,600
Other Equity	648,905	11,499	22,144	682,548
Total equity	659,505	11,499	22,144	693,148
Minority interests	29,562			29,562
Long term interest bearing debt	96,956			96,956
Other long term liabilities	71,449	2,657	1,904	76,009
Total long term liabilities	168,404	2,657	1,904	172,965
Short term interest bearing debt	97,787			97,787
Other short term liabilities	53,326			53,326
Total short term liabilities	151,113			151,113
TOTAL EQUITY AND LIABILITIES	1,008,584	14,156	24,048	1,046,787

SOURCE: ANNUAL REPORT 2010

8.7.1 Value adjustments on biological assets – P&L

Under FO-GAAP, biological assets, i.e. biomass, were recognized at full production cost, including costs which can only indirectly be allocated to the assets. This includes actual interest paid for production credit facilities. According to IFRS biological assets are measured at Fair Value. Consequently, the valuation of biomass in the profit and loss presents production costs of DKK 14.8 million and fair value adjustments separately of DKK 24 million.

8.7.2 Value adjustments on biological assets – Balance sheet

Under FO-GAAP, biological assets, i.e. biomass, were recognized at full production cost, including costs which can only indirectly be allocated to the assets. This includes actual interest paid for production credit facilities. According to IFRS biological assets are measured at Fair Value. Consequently, the valuation of biomass in the statement of financial position reflects biomass at market values with an increase of DKK 24 million.

8.7.3 Deferred taxes

Deferred taxes of DKK 1.9 million due to biomass adjustments ref section 8.7.2.

8.7.4 Accounts receivables

Excess provision for bad debt reversed with DKK 14.8 million.

8.7.5 Tangible non-current assets

Reclassification of shares in Dagsbrún and Sildasøla of DKK 0.6 million.

8.7.6 Other Equity

Adjustment of DKK 11.4 million consisting of a positive adjustment of DKK 14.8 million related to section 8.7.4, minus increase in deferred taxes of DKK 2.7 million and minus reclassification of tangible non-current assets of DKK 0.6 million.

Adjustment of DKK 22.1 million consists of a positive adjustment of DKK 24 million ref section 8.7.2 minus deferred taxes of DKK 1.9 million ref. section 8.7.3.

8.7.7 Other long term liabilities

Increase in deferred taxes with DKK 2.7 million related to the adjustment of provision for bad debt in section 8.7.4 and DKK 1.9 million related to biomass adjustments in section 8.7.3.

8.8 Auditor's assurance report on the unaudited pro forma condensed combined financial information

Inpact's assurance report on the unaudited pro forma condensed combined financial information provided in Section 8.5 is attached as Appendix 1 to this Information Memorandum.

9. CAPITAL RESOURCES

9.1 Capital Resources

As of 31 December 2010, the Company had cash, cash equivalents amounting to DKK 9 millions. In addition the Bakkafrost with the new loan agreement described in section 9.1.7 had available loan facilities of DKK 320 million.

9.1.1 The primary short and long term sources of cash flow

The Group's cash flow is influenced by significant fluctuations in the underlying market price developments, primarily for salmon and the development in production and harvest volumes.

The Group's primary source of liquidity on a daily basis is the operational cash flow. This is again dependent upon the development in the underlying market for salmon as described in the previous paragraph.

Key factors in analyzing the operational sources as the basis for revenue and cash flow are product pricing, production volumes and market access. The Norwegian market is anticipated to experience growth in production volumes the next years, while the US and UK market is expected to have respectively zero and low growth. The Chilean market has had substantial problems with ISA in 2009, but according to market participants, normal production levels could be obtained in 2013-2014. The overall supply of Atlantic salmon is anticipated to increase in 2011 and 2012 relatively to the supply level in 2010.

In general, product pricing will always be a function of underlying issues; production costs, available volumes and the balance between market demand and supply. Over time there has been a positive development in prices for farmed marine products, which must be seen in conjunction with an increasing demand for such products in general. Although the market in principle is cyclical, recent statistics show signs of good market developments for marine products as a whole, as the focus on healthy food products and thereby demand, increases.

The development in the production cost for the products is, as mentioned, important for basic product pricing, and subsequently the analysis of cash flow development.

For further comments on the development of the cash flow see Section 7.2.3.

9.1.2 Working capital statement

The Company is of the opinion that it has sufficient working capital for the 12 months period following the date of the Information Memorandum

9.1.3 Funding structure and restrictions of use of capital resources

The long term funding of the Company consists of both equity and interest bearing debt, which is further described in Section 9.1. Section 9.1.4 in this Information Memorandum also shows a statement of the Company's capitalization and indebtedness.

Extended funding to ensure financing of the Transaction is expected to be finalised medio May 2011. In total, the new funding arrangements provided the Company with DKK 500 million in addition to the existing credit facility amounting to DKK 350 million.

Book value of equity per 31 December 2010 was DKK 902 million and net interest bearing debt per 31 December 2010 was DKK 70 million. The equity ratio per 31 December 2010 was 76%. The funding of Bakkafrost is considered sufficient to fund the further development of the Company in line with the production targets communicated by the Company at significantly lower prices on the Company's products than the current level. The financing is considered sufficient to cover any seasonality of the operations and corresponding borrowing requirements.

The Company had 31 December 2010 untapped credit facilities of DKK 320 million.

The Company is not aware of any material legal or economic restrictions that influence the ability of the subsidiaries to transfer funds to the Company in the form of cash dividends, repayment of inter-company loans, new loans or advances. Consequently, the Company expects to meet its future cash obligations.

The covenants related to the lending agreement and potential restriction on cash related to the covenants, are described in section 9.1.6.1. The Company is not in breach of any covenants as of the date of the Information Memorandum.

9.1.4 Capitalisation and indebtedness

The following table sets out the consolidated capitalisation and indebtedness of P/f Bakkafrost as of 31 December 2010. The table should be read together with the consolidated financial statement and the related notes thereto.

Total capitalisation and indebtedness per 31.12.2010 (DKK 1,000)	P/F Bakkafrost (Audited) IFRS
Total current debt	
Guaranteed	
Secured (1)	41,961
Unguaranteed/unsecured	83,039
Sum	125,000
Total Non-Current Debt	
Guaranteed	
Secured (1)	37,357
Unguaranteed/unsecured (2)	120,009
Sum	157,366
Capital and Reserves	
Share Capital	48,858
Legal reserves	
Other reserves	853,431
Sum	902,289
Total Capitalisation and Indebtedness	1,184,656
Cash (3)	9,128
Cash equivalent	
Trading securities	
Total liquidity	9,128
Current financial receivables	

Current bank debt	34,994
Current portion of non current debt	6,967
Other current financial debt	
Current financial debt	41,961
Net current financial indebtedness	32,833
Non current bank loans	37,357
Bond issued	
Other non-current borrowings	
Non-current financial indebtedness	37,357
Net financial indebtedness	70,190
Key Figures	
Interest coverage ratio	2.59

Source: Annual report 2010

Notes:

(1) Secured current and non-current debt relates to bank and credit institution's borrowing.

(2) Deferred tax at 31 December 2010

(3) The cash is held in DKK, EUR, GBP, NOK and USD

According to the Letter of Intent, the Havsbrun Group (with P/F Havsbrun as the ultimate parent company in the Havsbrun Group) was acquired by the Bakkafrost Group's ultimate parent company, P/F Bakkafrost, effective on 1. January 2011. The Consolidated accounts are shown in the Pro forma Figures.

The Bakkafrost Group will primarily finance all the companies in the group from the ultimate parent company P/F Bakkafrost.

There have been no other material changes since the last published financial information.

9.1.5 Assets held as collateral for debt

The following table shows the book value of assets held as collateral for debt.

Years ended 31 December (DKK 1,000)	IFRS 2010	IFRS 2009	IFRS 2008
Licenses	132,709		
Property, plant and equipment	356,419	231,002	230,655
Financial assets	0	7,427	17,002
Inventories	510,592	248,024	247,093
Accounts receivables	125,619	66,644	42,469
Other current receivables	19,890	13,304	14,839

Source: Annual report 2010, 2009 and 2008

9.1.6 Borrowings

The Group signed a loan agreement in February 2010 with Nordea Bank Norge ASA and P/F BankNordik ("Basic Financing") amounting to DKK 400 million, distributed between two revolving overdraft facilities amounting to a total of DKK 200 million and two instalment loans totalling DKK 200 million.

In 2011, the loan agreement was amended with, among other things, new margins. At 31 December 2010, the available instalment loans amounted to DKK 150 million, with DKK 50 million to be paid back before the end of 2011, divided into quarterly instalments of DKK 12.5 million. After that, the payments shall follow an 8-year profile with payments of DKK 12.5 million per year from 2012. The Loan matures on the 31.12.2014 and the remaining amount must be refinanced or repaid by the maturity date. The loan facility is secured both in the company's property, plants and other material, and fixed assets as well as stock, farming licences and insurance policies.

The interest payable is CIBOR 3 months plus the current margin, which is calculated on the basis of the company's interest bearing debt ratio compared to EBITDA before fair value adjustments of biological assets. The margin may vary between 2% p.a. and 3.75% p.a.

The Group's net interest bearing debt, measured on a quarterly basis, based on a rolling 4 quarters, must not exceed EBITDA X 3.5 and from 31.12.2011, 3.0.

9.1.6.1 Covenants

The facilities are subject to several conditions and covenants, including the following:

Investments above DKK 70 million per year must be approved by the bank syndicate. The banks have approved total investments in 2010 and 2011 of DKK 70 million per year.

Proceeds from sale of assets outside ordinary operations must be used for extraordinary payments on debt.

Bakkafrost must have a sufficient insurance coverage for their assets and business. The bank syndicate shall be registered with pledge on the assets in the insurance agreements.

The farming licenses shall not be sold or in any way separated from the Company without written permissions from the banks.

The loan agreement contains specific conditions with regard to that fish farming licenses currently held by the Group shall be maintained within the Group.

9.1.6.2 Financial covenants

The Group's net interests bearing debt, measured on a quarterly basis, based on rolling 4 quarters, must not exceed 3.5x EBITDA until 31.12.2011 and 3.0x EBITDA from 31.12.2011.

The revolving overdraft facility shall be distributed between financing of accounts receivables and fish at sea. One part of the facility must never exceed 80% of the insured accounts receivables, and the other part must not, at any time, exceed 65% of the lesser of the cost of the fish at sea or P/F BankNordik's estimated standard value in fish at sea.

EBITDA for the Group must at all time be 1.2 times the total interest and repayments to the two banks.

The solvency for the Group must not be below 30%.

Fair value adjustments of the biological assets shall not be included when calculating the EBITDA.

The Company has a 20 day grace period given a potential breach of the above covenants.

9.1.7 Acquisition financing

The Company have signed a term sheet with Nordea Bank Norge ASA and BankNordik covering a DKK 500 million instalment loan.

The loan facility in Nordea Norge ASA and BankNordik is structured as follows:

DKK 500 million - to finance the acquisition of Havsbrun.

The interest expense is equal to the margin in the Basic Financing plus a margin of 1.0 % p.a.

The instalment loan shall be repaid in instalments of DKK 100 million on each of the dates falling in 6 months intervals after the first drawdown. The loan facility is secured by first priority pledge in all of the Companies shares in Holding Companies and all the shares in Havsbrun.

The Company shall pay various fees and commissions to Nordea Bank Norge ASA and BankNordik, including an arrangement fee of 0.75% of the total facility.

The Financial covenants are the same as for the Basic Financing, except for Equity Ratio, which shall be above 40% of the consolidated assets of the Company.

Following the acquisition Bakkafrost and the bank syndicate have agreed to an intention to establish a long term financing for the Group.

9.1.8 Leasing arrangements

The Company's has no leasing arrangements/contracts at the date of the Information Memorandum.

9.1.9 Guarantees

The Company has guarantees related to payment of import toll corresponding to approx DKK 1.5 million. In addition to this The Group has capital expenditure committed of approximately DKK 33 million.

The Company has not issued any guarantees other than the guarantees stated above.

9.1.10 Changes in the financial structure or trading position

There have been no major changes in the financial structure or trading position of the Company subsequent to 31 December 2010 other then described in section 3.

9.1.11 Dividends

Bakkafrost aims to give its shareholders a competitive return on their investment, both through payment of dividends from the company and by securing an increase in the value of the equity through positive operations. Generally, the company should pay dividends to its shareholders, but it is the responsibility of the Board of Directors to make an overall assessment in order to secure the company a healthy capital base, both for daily operations and for a healthy future growth of the company.

It is the Board of Directors view that 30–50% of EPS shall be paid out as dividend when the Group's equity ratio is above 60%.

Distribution of Dividends	2010	2009	2008
Dividend per share DKK	3.91	4.54	1.67
Number of shares	48,858,065	2,991,789	2,991,789

Source: Annual report 2010, 2009 and 2008

The AGM which was held 7 April 2011 resolved that the proposed dividend was distributed to the shareholders. The dividend was paid on the 20 April 2011.

Bakkafrost has no restrictions on distribution of dividends other than normal conditions stated as part of the borrowing agreement ref. section 9.1.6.1.

9.2 Financial risk management and use of financial instruments

The follow-up of internal procedures associated with financial reporting is undertaken as part of management's day-to-day supervision, the process owners' follow-up and the auditor's independent testing. Non-compliances and areas noted as needing improvement are followed-up and remedial measures implemented.

9.2.1 Foreign exchange risk

Bakkafrost trades on the world market for farmed salmonoids, and parts of revenues and accounts receivable are denominated in foreign currency. On the other hand, purchases of raw materials, etc. are predominantly denominated in DKK. Fluctuations in foreign exchange rates, therefore, present a financial risk to the Group.

9.2.2 Interest rate risk

The entire loan portfolio is at the moment based on floating rate contracts. The Company assesses on a running basis the need to enter into fixed interest rate contracts.

9.2.3 Credit risk

The risk that counterparties do not have the financial strength to meet their obligations is considered relatively low, since losses due to bad debts historically have been small. However, following the international crisis, the risk of losses may be considered increasing. The Group has guidelines to ensure that sales are made only to customers that have not previously had payment problems and that outstanding balances do not exceed fixed credit limits. The majority part of the total accounts receivable is insured. As not all receivables are insured, the Group has to accept a certain risk element in accounts receivable.

The gross credit risk on the date of the statement of financial position corresponds to the Group's receivables portfolio on the date of the statement of financial position.

9.2.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining a flexible financial structure which is secured by means of established borrowing facilities. The Group's objective is to have sufficient cash, cash equivalents or medium-term credit facilities to meet its borrowing requirement in the short term. Unused credit facilities are described in section 9.1.6, where the terms also are described.

9.2.5 Use of financial instruments

Bakkafrost's material contracts are in general measured in DKK.

9.2.6 Capital structure and equity

The prime objective of the Group's capital management is to ensure that it maintains a good credit rating in order to achieve favourable borrowing terms. By ensuring a good debt-to-equity ratio, the Group will support its business operations. The Group manages and makes changes to its capital structure in response to an ongoing assessment of financial conditions under which the business operates and its short- and medium-term outlook, including any adjustment in dividend payouts, buyback of own shares, capital reduction or issue of new shares.

10. ADDITIONAL INFORMATION

10.1 Documents on display

Copies of the following documents will during a period of 12 months following the publication of this Information Memorandum be available for inspection at any time during normal business hours on any business day free of charge at the registered office of the Company:

- The Articles of Association of Bakkafrost
- The memorandum of incorporation of Bakkafrost
- The Company's audited consolidated financial statements as of, and for the years ended, 31 December 2010, 2009 and 2008.
- historical financial information for the Company's subsidiaries
- The Information Memorandum

10.2 Documents incorporated by reference

The information incorporated by reference in this Information Memorandum shall be read in connection with the cross-reference list as set out in the table below. Except as provided in this Section, no other information is incorporated by reference into this Information Memorandum.

The Company incorporates the audited consolidated financial statements as of, and for the years ending 31 December 2010, 2009 and 2008.

Disclosure requirements of the Information Memorandum	Section in the Information Memorandum	Reference document and link	Page number in reference document
Audited historical information (Annex I, Section 20.1)	Section 7.1	Bakkafrost – Annual and consolidated report and accounts – year to 31 December 2010: http://www.bakkafrost.com/upload/annualreports/annualandkonsolidatedreport2010.pdf	P 23-78
		Bakkafrost – Annual and consolidated report and accounts – year to 31 December 2009: http://www.bakkafrost.com/upload/annualreports/bakkafrostannualreport2009.pdf	
		Bakkafrost – Annual and consolidated report and accounts – year to 31 December 2008: http://www.bakkafrost.com/upload/års-%20og%20konsernfrásøgn%202008%20-%20bakkafrost%20holding.pdf	

Audit report (Annex I, Section 20.4.1)	Section 7.1	Bakkafrost – Annual and consolidated report and accounts – year to 31 December 2010: http://www.bakkafrost.com/upload/annualreports/annualandkonsolidatedreport2010.pdf	
		Bakkafrost – Annual and consolidated report and accounts – year to 31 December 2009: http://www.bakkafrost.com/upload/annualreports/bakkafrostannualreport2009.pdf	
		Bakkafrost – Annual and consolidated report and accounts – year to 31 December 2008: http://www.bakkafrost.com/upload/árs-%20og%20konsernfrásøgn%202008%20-%20bakkafrost%20holding.pdf	
Accounting policies (Annex I, Section 20.1)	Section 7.1	Bakkafrost – Annual and consolidated report and accounts – year to 31 December 2010: http://www.bakkafrost.com/upload/annualreports/annualandkonsolidatedreport2010.pdf	

10.3 Confirmation regarding sources

The Company confirms that when information contained in this Information Memorandum has been sourced from a third party it has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

11. DEFINITIONS

The following definitions and glossary apply in this Information Memorandum unless otherwise dictated by the context, including the foregoing pages of this Information Memorandum.

Aquaculture	Fish farming or food production in water to supplement nature's own production of fish and other seafood
Articles or Articles of	The current articles of association of Bakkafrost
Bakkafrost	P/f Bakkafrost, the holding company of the Group of
Base Financing	The credit facility and instalment loan established in 2010
Board of Directors or Board	The Board of Directors of P/f Bakkafrost
Brood fish	Fish that are used for reproduction purposes
CEO	Chief Executive Officer
CET	Central European Time
CFO	Chief Financial Officer
Combined Group	The Bakkafrost Group together with Havsbrún and all its subsidiaries.
Company	Bakkafrost
DKK or Danish kroner	The lawful currency of Denmark
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and
EU	The European Union
FAO	Food and Agriculture Organization of the United Nations
Faroese Public Company Act	Act no. 1356 of 9 December 2007
Feed Conversion rate (FCR)	The relationship between feed input and growth of farmed production
FHL	Fiskeri og havbruksnæringens landsforening
FO-GAAP	GAAP; accounting principles generally accepted in Faroese Islands
GDP	Gross Domestic Product, the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.
Group or Bakkafrost Group	The Company and its subsidiaries.
GW	Weight of round fish after removal of heart, guts, stomach and kidneys. (gutted weight)
GWE	Gutted Weight Equivalent (same as HOG)
Hatchery	A facility into which eggs are placed for hatching
Havsbrún	P/f Havsbrún
HOG	Head On Gutted (same as GWE)
ICES	International Council for Exploration of the Sea
IFRIC	International Financial Reporting Interpretation
IFRS	International Financial Reporting Standards
Inpact	Sp/F Grannskoðaravirkið INPACT
Information Memorandum	This document
ISIN	Securities number in the Norwegian Registry of Securities

Kontali	Kontali Analyse AS
LWE	Live weight equivalents
MDKK	Millions DKK
NOK	Norwegian Kroner, the lawful currency in Norway
Nordea	Nordea Bank Norge ASA
Norwegian Corporate Governance	Norwegian Code of Practice for Corporate Governance dated 29 October 2010
Norwegian Securities	The Norwegian Securities Trading Act of 29 June 2009 no.
Oslo Børs	Oslo Børs ASA
PPE	Property, Plant and Equipment
Primary processing	The slaughter and initial processing of farmed fish, ex. bled and gutted fish
R&D	Research & Development
Secondary processing	Processing subsequent to primary processing (e.g. filleting, skinning and cutting into portions)
Transaction	Bakkafrost's acquisition of Havsbrún as described in this Information Memorandum
VPS	Verdipapirsentralen (Norwegian Central Securities Depository), which organizes the Norwegian paperless securities registration system.
Well boat	A special vessel for the transportation of live fish
WFE	Whole fish equivalent (round, un-gutted fish)
YTD	Year to date

INPACT INTERNATIONAL

INDEPENDANT ASSURANCE REPORT ON UNAUDITED COMBINED PRO FORMA FINANCIAL INFORMATION

To the Directors and Shareholders of Bakkafrost Group

We have examined the Pro Forma Financial Information in chapter 8 in the Information Memorandum, comprising the Pro Forma Consolidated Statement of Financial Position of Bakkafrost Group (the Group) as of 31 December 2010 and the related Pro Forma Consolidated Statement of Income for the year ended 31 December 2010.

This Pro Forma Financial Information has been prepared solely to show what the significant effects on the consolidated accounts of Bakkafrost Group might have been, had the transaction described in Chapter 3 of the Information Memorandum occurred at an earlier date.

The Pro Forma Financial Information is the responsibility of the Board of Directors and Management. It is our responsibility to provide the opinion required by Annex II to the EU regulation no 809/2004. We are not responsible for expressing any other opinion on the Pro Forma Financial Information or on any of its consistent elements.

This report is issued for the sole purpose of the Information Memorandum required by Annex II to the EU Regulation No 809/2004 as set out in the Information Memorandum. This report is not appropriate for other jurisdictions than Norway, and should not be used or relied upon for any purpose other than to comply with Annex II to the EU regulation no 809/2004.

Basis of Opinion

We conducted our examination in accordance with the International Standard on Assurance Engagements (ISAE 3000) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". Our work consisted primarily of comparing the unadjusted Financial Information with the source documents, obtaining evidence supporting the adjustments and discussing the Pro Forma Financial Information with the management of Bakkafrost Group.

Opinion

Based on our examination, in our opinion:

- The Pro Forma Financial Information has been properly compiled on the basis stated
- That basis is consistent with the accounting policies of the issuer

Tórshavn 4 May 2011

Sp/F Grannskoðaravirkið INPACT
State Authorised Public Accountants

Heini Thomsen
State Authorised Public Accountant

INPACT

P/F HAVSBRÚN

FUGLAFJØRÐUR

ÁRSFRÁSØGN/
ANNUAL REPORT

2010

TAKS

INNIHALDSYVIRLIT/*CONTENTS*

UPPLÝSINGAR UM FELAGIÐ/*GENERAL INFORMATION*

Felagið/*The Company*	P/F Havsbrún Bakkavegur 48 FO-530 Fuglafjørður	
	Telefon/*Telephone*: Telefax/*Telefax*: Heimasíða/*Homepage*: T-postur/*E-mail*:	+298 414400 +298 414401 www.havsbrun.fo havsbrun@havsbrun.fo
	V-tal/*Tax reg. no*: Skattakommuna/*Tax mun.*: Roknskaparár/Financial year:	317.373 530 Fuglafjørður 1. januar til 31. desember
Nevndin/*Board of Directors*	Poul Hansen formaður/*Chairman* Niels J. T. Nielsen Jákup Birgir Mohr Gunnar Mohr Meinhard Jacobsen Petur Jacobsen Christian Christiansen Jústines L. Justinussen	
Stjórn/*CEO*	Bergur Poulsen	
Grannskoðan/*Auditors*	**Sp/f Grannskoðaravirkið *INPACT*** løggilt grannskoðaravirki/*State Authorized Public Accountants* R. C. Effersøesgøta 26 Postrúm 191, FO-110 Tórshavn Telefon: 31 47 00 - Telefax: 31 38 15 T-postur/*E-mail*: inpact@inpact.fo Heimasíða/*Homepage*: www.inpact.fo	

Ársfrásøgnin 2010 er góðkend á felagsins aðalfundi, tann
The Annual Report for 2010 were approved by the general meeting at

____
fundarstjóri/*Chairman*

LEIÐSLUFRÁGREIÐING

Høvuðsvirksemi
Virksemið hjá P/F Havsbrún er at framleiða fiskamjøl, fiskalýsi og fiskafóður. Dótturfeløgini ala laks og síl.

Framleiðslan verður seld innanlands og uttanlands.

Gongdin í virksemi og fíggjarligum viðurskiftum
Rokskaparárið 2010 gav ein vinning uppá t.kr. 441.087 samanborið við ein vinning uppá t.kr. 52.828 seinasta ár. Hetta heldur leiðslan vera eitt nøktandi úrslit.

P/F Havsbrún fekk á leið somu rávørunøgd í 2010 sum í 2009. Fóðursølan var eitt vet lægri í 2010 í mun til 2009.

Stórar prísbroytingar hava verið á lýsimarknaðinum seinastu trý árini. Frá at vera á søguliga høgum stigi fyrra partin í 2008 fall lýsiprísurin munandi síðst í 2008 og líka fram til summarið 2009, fyri síðan at hækka spakuliga restina av 2009 og fram til í dag.

Hendingar eftir roknskaparlok
Frá statusdegnum og til í dag er onki hent, sum avgerandi broytir metingina av ársfrásøgnini.

Framtíðarvánir
Tilgongdin av rávørum til fiskamjøl- og lýsiframleiðsluna verður helst á sama stigi í 2011, sum hon var í 2010.

Alivinnan er í dag væl skipað og nógv verður gjørt fyri at minkað um sjúkraváðan.

Framleiðslan av alifiski verður væntandi 60.000 tons, og nýtslan av fóðri fer helst at liggja um 70.000 tons.

Vandamál (Risici)
Rembingarnar á valutamarknaðinum og í altjóða handilinum eru stórar. P/F Havsbrún handlar í fleiri gjaldoyrum, og tá talan er um stórar handlar verður gjaldoyrað tryggjað.

MANAGEMENT REVIEW

Summary of Actitivities
The activity of P/F Havsbrún is producing fish meal, fish oil and fish feed. The subsidiaries are producing farmed salonoid products.

The production is exported as well as sold domesticly.

Developments in activities and financial performance
The financial year 2010 yielded a profit of tDKK 441.087 as compared to a profit of 52.828 for last financial year. The boards of directors and executives consider the annual profit satisfactory.

P/F Havsbrún received about the same amount of raw material in 2010 as in 2009. Feed sales decreased compared to 2009.

The oil market has been volatile these last tree years. From an historical high first half 2008, the prices fell considerably towards the end of 2008. The decline continued in the first half of 2009, but since summer 2009 the market prices have improved up until today.

Subsequent events
From the balance sheet date to the signature date, nothing has occurred, which materially influence the assessment of the annual report.

Future prospects
The inflow of raw materials to the oil and meal production in 2011 is expected to be the same as in 2010.

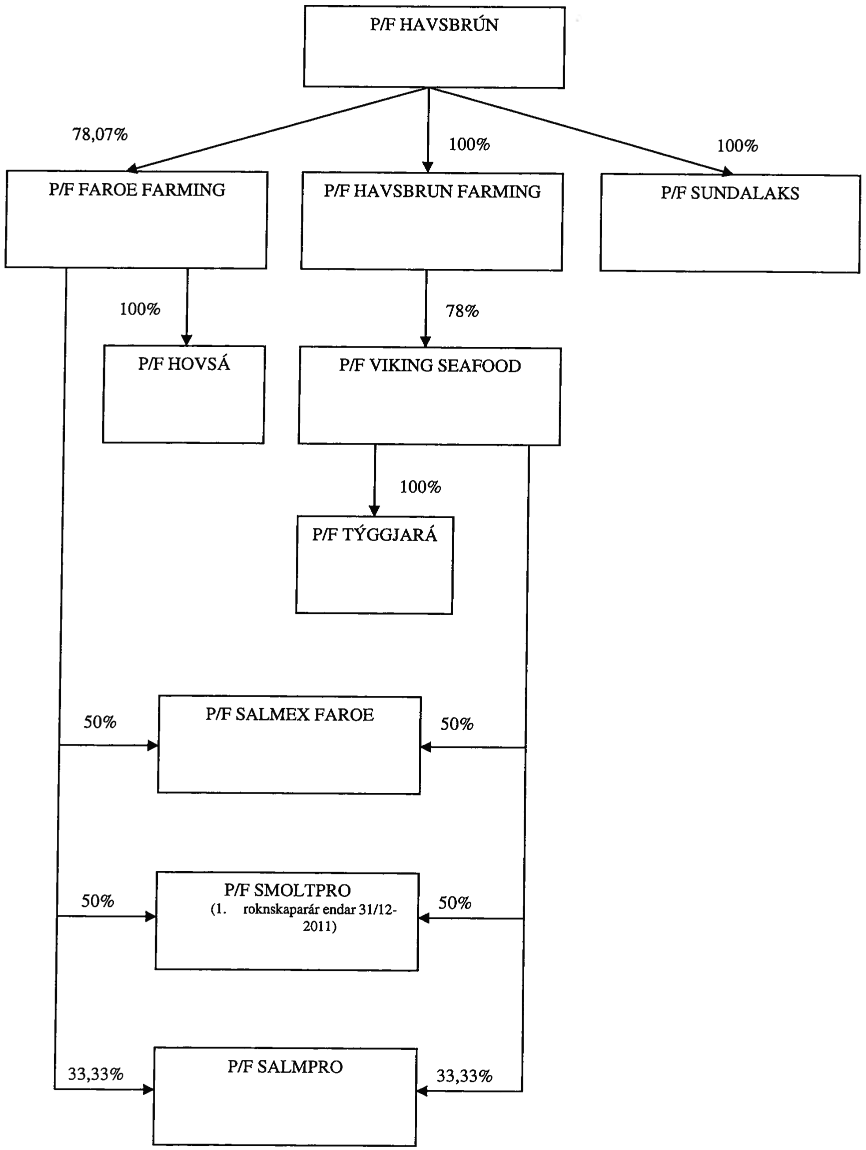
The Faroese fish farming industry is currently well organized, and great efforts are made to minimize fish decease.
Total production of farmed salmonoids in 2010 is estimated to 60.000 tonnes, and the feed consumption will be around 70.000 tonnes.

Risk analysis
Volatility on the currency markets and international trade are serious. P/F Havsbrún is trading in several currencies. All significant contracts in foreign currencies are hedged.

Umhvørvismál
P/F Havsbrún ger á hvørjum ári ein grønan roknskap, har tey týdningarmestu umhvørvisviðurskiftini verða lýst.

Environmental issues
P/F Havbrun is preparing green account, which outline all material invironmental issues.

KONSERNYVIRLIT/*CONSOLIDATION STRUCTURE*



HØVUÐS- OG LYKLATØL/*KEY FIGURES AND RATIOS*
Móðurfelagið/*Parent Company*

tDKK	2010	2009	2008	2007	2006
Høvuðstøl/*Key Figures*					
Nettosøla/*Sales revenues*	576.627	491.532	586.786	684.878	572.792
Bruttoúrslit/*Gross profit*	159.854	81.711	114.700	123.149	97.564
Rakstrarúrslit/*EBIT*	139.089	50.531	73.497	74.486	68.812
Úrslit av fíggjarpostum/*Net financial expen*	383.531	10.965	-4.262	-6.766	-3.392
Ársúrslit/*Net Annual Profit*	441.087	52.828	56.925	55.556	57.465
Fíggjarstøða tilsamans/*Total Balance*	897.422	404.533	419.335	383.436	324.899
Eginogn/*Equity*	659.506	248.155	282.551	217.331	171.678
Íløgur í materiella støðisogn/ *Investments in tangible non-current assets*	10.664	4.860	28.813	19.505	22.169
Lyklatøl/*Ratios*					
Rakstraravkast/*Operationg profit ratio*	24%	10%	13%	11%	12%
Skiftisavkast/*Gross Ratio*	28%	17%	20%	18%	17%
Ognaravkast/*Asset yield*	32%	22%	29%	38%	45%
Trygdarevni/*Financial Standing*	0%	61%	67%	57%	53%
Renta av eginogn/*Equity yield*	101%	23%	23%	29%	38%

HØVUÐS- OG LYKLATØL/*KEY FIGURES AND RATIOS*
Konsernin/*Consolidated*

tDKK	2010	2009	2008	2007	2006
Høvuðstøl/*Key Figures*					
Nettosøla/*Sales revenues*	823.303	575.667	670.161	690.752	601.926
Bruttoúrslit/*Gross profit*	267.252	98.335	133.484	121.708	112.244
Rakstrarúrslit/*EBIT*	238.230	65.801	82.994	71.075	79.597
Úrslit av fíggjarpostum/*Net financial expen*	314.791	-2.062	-14.764	-8.791	-11.013
Ársúrslit/*Net Annual Profit*	441.087	52.828	56.925	54.459	58.602
Fíggjarstøða tilsamans/*Total Balance*	1.008.584	460.940	501.548	497.924	385.273
Eginogn/*Equity*	659.505	248.155	282.551	217.331	172.775
Íløgur í materiella støðisogn/ *Investments in tangible non-current assets*	26.651	8.048	32.591	36.772	29.012
Lyklatøl/*Ratios*					
Rakstraravkast/*Operationg profit ratio*	29%	11%	12%	10%	13%
Skiftisavkast/*Gross Ratio*	32%	17%	20%	18%	19%
Ognaravkast/*Asset yield*	54%	28%	33%	36%	52%
Trygdarevni/*Financial Standing*	65%	54%	56%	44%	45%
Renta av eginogn/*Equity yield*	101%	23%	23%	28%	38%

LEIÐSLUÁTEKNING

Nevnd og stjórn hava í dag viðgjørt og góðkent ársfrásøgnina fyri 2010 hjá P/F Havsbrún, við leiðsluátekning, leiðslufrágreiðing, rakstrarroknskapi, fíggjarstøðu, frágreiðing um eginogn, gjaldførisfrágreiðing, nýttum roknskaparhátti, og notum fyri bæði konsernina og móðurfelagið.

Ársfrásøgnin er sett upp, sambært ásetingunum í galdandi ársroknskaparlóg.

Tað er okkara fatan, at nýtti roknskaparhátturin er hóskandi, soleiðis at ársfrásøgnin gevur eina rættvísandi mynd av ognum og skyldum, fíggjarligu støðuni, peningastreymum og rakstrarúrslitinum.

Ársfrásøgnin 2010 verður hervið løgd fyri ársaðalfundin til góðkenningar.

STATEMENT OF THE BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

The Board of Directors and Board of Executives today considered and approved of the Annual Report of P/F Havsbrún for 2010 which comprises the Statement of the Board of Directors and Board of Executives on the Annual Report, Chief Executive's Review, the income statement, balance sheet, cash flow statement, a summary of significant accounting policies, and notes for the Group and the Parent Company.

The Annual Report is prepared and presented in compliance with the current Faroese Financial Statements Act.

In our opinion, the accounting policies as applied are appropriate, and the Annual Report presents a true and fair view og assets, liabilities, financial position, Cash Flow and annual profits.

The Annual Report 2010 is hereby submitted to the general meeting for approval.

Fuglafjørður, tann 14. mars/*March* 2011

Stjórn:/ *Chief Executive Officer*: Bergur Poulsen

Nevnd:/ *Board of Directors*:

Poul Hansen
formaður/*Chairman*

Christian Christiansen

Niels J. T. Nielsen

Jákup Birgir Mohr

Gunnar Mohr

Jústines L. Justinussen

Meinhard Jacobsen

Petur Jacobsen

ÁTEKNING FRÁ ÓHEFTUM GRANNSKOÐARA

Til eigararnar í P/F Havsbrún

Átekning á ársfrásøgnina
Vit hava grannskoðað ársfrásøgnina hjá P/F Havsbrún fyri roknskaparárið 1. januar – 31. desember 2010 við leiðsluátekning, leiðslufrágreiðing, rakstrarroknskapi, fíggjarstøðu, frágreiðing um eginogn, gjaldførisfrágreiðing, nýttum roknskaparhátti, og notum fyri bæði konsernina og móðirfelagið. Ársfrásøgnin er gjørd eftir ársroknskaparlógini.

Ábyrgd leiðslunnar av ársfrásøgnini
Leiðslan hevur ábyrgdina av at gera eina ársfrásøgn, ið gevur eina rættvísandi mynd í samsvari við ársroknskaparlógina. Henda ábyrgd ber í sær, at felagið støðugt hevur tað innanhýsis eftirlit, ið skal til fyri at ársfrásøgn kann gerast, sum gevur eina rættvísandi mynd uttan týðandi skeivleikar, uttan mun til um skeivleikarnir standast av sviki ella mistøkum, at nýttur verður hóskandi roknskaparháttur, og at roknskaparligu metingarnar, sum gjørdar eru, eftir umstøðunum mugu ætlast at vera rímiligar.

Grannskoðanin og ábyrgd grannskoðarans
Okkara ábyrgd er við støði í grannskoðanini at gera eina niðurstøðu um ársfrásøgnina. Vit hava grannskoðað samsvarandi galdandi føroyskum grannskoðanarreglum, ið krevja, at vit halda tey etisku krøvini og leggja til rættis og grannskoða fyri at fáa grundaða vissu fyri, at tað ikki eru týðandi skeivleikar í ársfrásøgnini.

Grannskoðanin ber í sær, at gjørt verður tað arbeiði, sum skal til fyri at fáa grannskoðanarprógv fyri upphæddum og upplýsingum í ársfrásøgnini. Grannskoðarin metir um, hvat arbeiði skal gerast, herundir metir hann um vandan fyri týðandi skeivleikum í ársfrásøgnini, uttan mun til um skeivleikarnir standast av sviki ella mistøkum. Grannskoðarin metir eisini um innanhýsis eftirlitið, ið skal til fyri at felagið kann gera eina ársfrásøgn, sum gevur eina rættvísandi mynd. Hetta verður gjørt fyri at

INDEPENDENT AUDITORS' REPORT

To the shareholders of P/F Havsbrún

Auditors report to the Annual Report
We have audited the Annual Report of P/F Havsbrún for the financial year 1 January - 31 December 2010, which comprises the Statement of the Board of Directors and Board of Executives on the Annual Report, Chief Executive's Review, the income statement, balance sheet, cash flow statement, a summary of significant accounting policies, and notes for the Group and the Parent Company. The Annual Report has been prepared in accordance with the Faroese Financial Statements Act.

The Board of Directors and Board of Executives' Responsibility for the Annual Report
The Board of Directors and Board of Executives are responsible for the preparation and fair presentation of this Annual Report in accordance with the Faroese Financial Statements Act and Faroese Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Basis of Opinion
Our responsibility is to express an opinion on this Annual Report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the leggja grannskoðanina til rættis eftir umstøðunum og ikki fyri at gera eina niðurstøðu um dygdina á innanhýsis eftirlitinum. Grannskoðanin ber eisini í sær, at støða verður tikin til, um roknskaparhátturin, sum leiðslan nýtir, er hóskandi, um tær roknskaparligu metingar, sum leiðslan hevur gjørt eru rímiligar, og hvussu ársfrásøgnin sum heild er gjørd.

Tað er okkara fatan, at vit hava fingið nøktandi grannskoðanarprógv, ið kann vera grundarlag undir okkara niðurstøðu.

Grannskoðanin hevur ikki givið orsøk til fyrivarni.

Niðurstøða
Tað er okkara fatan, at ársfrásøgnin gevur eina rættvísandi mynd av konsernarinnar og felagsins ognum, skyldum og fíggjarligu støðu 31. desember 2010 og av úrslitinum av virksemi og peningastreymi konsernarinnar og felagsins í roknskaparárinum 1. januar – 31. desember 2010 samsvarandi ársroknskaparlógini.

purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Board of Executives, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's financial position at 31 December 2010 and of the results of the Group's and the Parent Company's operations and the consolidated cash flow for the financial year 1 January - 31 December 2010 in accordance with the Faroese Financial Statements Act.

Tórshavn, tann 14. mars/*March* 2011

Sp/f Grannskoðaravirkið INPACT
løggilt grannskoðaravirki/*State Authorized Public Accountants*

Jógvan Amonsson
statsaut. revisor/
State Authorized Public Accountant

RAKSTRARROKNSKAPUR/*INCOME STATEMENT*

		Móðurfelagið/ *Parent company*		**Konsernin/** *Consolidated*	
	Nota/ *Note*	t.DKK 2010	t.DKK 2009	t.DKK 2010	t.DKK 2009
Nettosøla/*Net sales revenues*	1	576.627.169	491.532.040	823.303.011	575.666.839
Framleiðslukostnaður/*Production expenses*	2	-416.773.161	-409.821.217	-556.051.399	-477.331.446
Bruttoúrslit/*Gross profits*		**159.854.008**	**81.710.823**	**267.251.612**	**98.335.393**
Sølu- og flutningskost./*Sales expenses*	2	-16.131.464	-17.977.609	-17.522.566	-18.431.281
Fyrisitingarkostnaður/*Administration expenses*	2,3	-19.510.153	-13.217.077	-26.375.955	-14.117.930
Menningarkostnaður/*Research and development*		-1.174.405	-1.309.657	-1.174.405	-1.309.657
Aðrar rakstrarinntøkur/*Other operating revenues*		17.987.186	1.464.765	17.987.186	1.324.833
Annar rakstrarkostnaður/Other operating expenses		-1.936.264	-139.933	-1.936.264	0
Rakstrarúrslit/*Earnings before interest and tax*		**139.088.908**	**50.531.312**	**238.229.608**	**65.801.358**
Inntøkur frá atknýttum fyritøkum/ *Revenues from subsidiaries*		60.188.300	3.940.866	0	0
Inntøkur frá assosieraðum fyritøkum/ *Revenues from associates*		9.387.855	7.849.755	9.359.029	7.849.755
Uppskrivingar virðisbrøv/*Write-ups*		316.419.276	313.735	316.419.276	313.735
Fíggjarinntøkur o.t./*Financial revenues*	4	5.600.096	6.052.744	3.982.091	3.109.226
Fíggjarkostnaður o.t./*Financial expenses*	5	-8.064.692	-7.191.638	-14.969.325	-13.335.159
Úrslit áðrenn skatt/*Profits before taxes*		**522.619.743**	**61.496.774**	**553.020.679**	**63.738.914**
Skattur/*Taxes*	6	-81.532.979	-8.668.775	-96.081.647	-9.804.102
Ársúrslit áðrenn minnilutaáhugamál/ *Annual profits before minority interests*		**441.086.764**	**52.827.999**	**456.939.032**	**53.934.812**
Minnilutaáhugamál/*Minority interests*		0	0	-15.852.268	-1.106.813
Ársúrslit/*Net Annual Profits*		**441.086.764**	**52.827.999**	**441.086.764**	**52.827.999**

Býtið av ársúrslitinum/*Allocation of profit*		
Vinningsbýtið fyri roknskaparárið/*Dividend*	0	0
Flutt í innanvirðisgrunn/*Transferred to reserves*	329.039.961	11.790.621
Flutt úrslit/*Retained Earnings*	112.046.803	41.037.379
Býtt úrslit tilsamans/*Total allocation*	**441.086.764**	**52.827.999**

FÍGGJARSTØÐA/*BALANCE SHEET* 31. DESEMBER

OGN/*ASSETS*	Nota/ *Note*	Móðurfelagið/ *Parent company* t.DKK 2010	t.DKK 2009	Konsernin/ *Consolidated* t.DKK 2010	t.DKK 2009
Goodwill/*Goodwill*		14.115.442	0	16.473.360	0
Immateriel støðisogn/*Intangible non-current assets*	7	**14.115.442**	**0**	**16.473.360**	**0**
Bygningar v.m./*Buildings etc.*		35.023.669	33.530.901	46.826.945	40.468.210
Maskinur v.m./*Machinery etc.*		21.715.030	32.928.406	28.336.494	33.693.680
Alistøðir v.m./*Breeding centres etc.*		0	0	33.043.177	20.733.859
Bátar/*Boats etc.*		0	0	18.471.620	11.966.232
Materiell støðisogn/*Tangible non-current assets*	8	**56.738.699**	**66.459.307**	**126.678.236**	**106.861.981**
Kapitalpartar atknýttar fyritøkur/*Investments subsidiaries*		100.614.542	6.305.245	57.850	128.001
Kapitalpartar assosieraðar fyritøkur/*Shares associates*		27.305.914	46.169.549	30.356.020	46.169.549
Aðrir kapitalpartar/*Investments in shares*		390.838.542	40.190.644	391.286.756	40.745.358
Fíggjarlig støðisogn/*Financial non-current assets*	9	**518.758.998**	**92.665.437**	**421.700.626**	**87.042.907**
STØÐISOGN/*NON-CURRENT ASSETS*		**589.613.139**	**159.124.744**	**564.852.222**	**193.904.888**
Goymsla biomassi/*Inventory biomass*		0	0	103.210.215	27.720.862
Goymsla mjøl- og lýsideild/*Inventory meal and oil section*		159.732.610	103.871.616	159.732.610	103.871.616
Goymsla fóðurdeild/*Inventory feed section*		38.884.059	32.291.525	38.884.059	32.291.525
Goymsla annað/*Inventories others*		0	0	4.948.931	692.497
Vørugoymslur/*Inventories*		**198.616.669**	**136.163.141**	**306.775.815**	**164.576.500**
Vøruáogn/*Trade receivables*		41.009.607	26.853.327	73.421.099	39.698.549
Áogn atknýttar fyritøkur/*Receivables subsidiaries*		20.287.566	22.582.216	0	0
Áogn assosieraðar fyritøkur/*Receivables, associates*		19.110	18.631.844	19.110	18.631.844
Útsettir skattafyrimunir/*Tax assets*		0	4.353.438	18.423	4.369.674
Onnur áogn/*Other receivables*		400.000	0	4.466.588	1.716.804
Tíðaravmarkingar/*Accruals*		41.462	1.807.382	55.600	1.827.471
Áogn/*Receivables*		**61.757.745**	**74.228.207**	**77.980.820**	**66.244.342**
Kassa- og bankapeningur/*Cash and bank balances*		47.434.792	35.017.285	58.975.251	36.214.668
Tøkur peningur/*Cash*		**47.434.792**	**35.017.285**	**58.975.251**	**36.214.668**
OGN Í UMFERÐ/*CURRENT ASSETS*		**307.809.206**	**245.408.633**	**443.731.886**	**267.035.510**
OGN TILSAMANS/*TOTAL ASSETS*		**897.422.345**	**404.533.377**	**1.008.584.108**	**460.940.398**

FÍGGJARSTØÐA/*BALANCE SHEET* 31. DESEMBER

SKYLDUR/*LIABILITIES*	Nota/ *Note*	Móðurfelagið/ *Parent company* t.DKK 2010	t.DKK 2009	Konsernin/ *Consolidated* t.DKK 2010	t.DKK 2009
Partapeningur/*Share capital*		**10.600.000**	**10.600.000**	**10.600.000**	**10.600.000**
Tiltakspeningur/*Reserve funds*		348.095.249	18.891.305	278.104.677	0
Flutt úrslit/*Retained Earnings*		300.810.259	218.663.684	370.800.218	237.554.990
EGINOGN/*EQUITY*	10	**659.505.508**	**248.154.990**	**659.504.895**	**248.154.990**
Minnilutaáhugamál/*Minority interests*		**0**	**0**	**29.561.953**	**3.665.613**
Útsettur skattur/*Deferred tax*		54.604.733	0	71.448.641	2.866.824
AVSETTAR SKYLDUR/*PROVISIONS*	11	**54.604.733**	**0**	**71.448.641**	**2.866.824**
Veðskuld/*Mortgage debts*		67.226.398	89.606.016	96.955.615	108.628.525
Langfreistað skuld/*Long term debts*	12	**67.226.398**	**89.606.016**	**96.955.615**	**108.628.525**
Veðskuld/*Mortgage debts*	12	19.614.164	16.497.984	30.175.064	22.594.510
Bankaskuld/*Bank credits*		49.134.655	19.769.012	67.611.973	38.094.877
Vøru- og tænastuskuld/*Trade payables*		4.962.118	11.015.544	9.704.240	17.126.778
Tollkredittur/*Customs Credit*		5.153.119	1.993.181	5.153.119	1.993.181
Skyldugur skattur/*Taxes payable*		22.574.808	8.806.680	23.188.824	8.806.680
Onnur skuld herundir MVG/*Other payables incl. VAT*		12.514.278	3.703.804	13.147.220	4.022.254
Tíðaravmarkingar/*Accruals*		2.132.564	4.986.166	2.132.564	4.986.166
Stuttfreistað skuld/*Current debts*		**116.085.706**	**66.772.371**	**151.113.004**	**97.624.446**
SKULD TILSAMANS/*DEBTS*		**183.312.104**	**156.378.387**	**248.068.619**	**206.252.971**
SKYLDUR TILSAMANS/*TOTAL LIABILITIES*		**897.422.345**	**404.533.377**	**1.008.584.108**	**460.940.398**

Eventualskyldur/*Contingent liabilities*	13
Veðsetingar og trygdarveitingar/ *Mortgages and security pledges*	14
Nærstandandi partar/*Related parties*	15

GJALDFØRISFRÁGREIÐING/*CASH FLOW STATEMENT*

	Móðurfelagið/ *Parent company*		Konsernin/ *Consolidated*	
	t.DKK 2010	t.DKK 2009	t.DKK 2010	t.DKK 2009
Rakstrarúrslit/*Earnings before interest and tax*	139.089	50.531	238.230	65.801
Avskrivingar/*Depreciations*	23.881	21.566	35.603	29.279
	162.970	**72.098**	**273.833**	**95.080**
Broytingar ogn í umferð/*Changes current assets*				
Goymslur/*Inventories*	-62.454	-20.191	-142.199	3.275
Áogn/*Receivables*	8.117	40.555	-16.088	32.642
Broytingar stuttfreistað skuld/*Changes current debts*				
Vøru- og tænastuskuld/*Trade payables*	-2.893	4.780	2.009	11.648
Onnur skuld og avgjøld/*Other payables and duties*	5.957	2.733		
Gjaldførisúrslit áðrenn fíggjarpostar og skatt/ *Cash flow before interst and tax*	**111.697**	**99.975**	**117.555**	**142.645**
Fíggjarinntøkur/*Interest revenues*	5.600	6.053	3.982	3.109
Fíggjarkostnaður/*Interest expenses*	-8.065	-7.192	-14.969	-13.335
Goldin skattur/*Taxes paid*	-8.807	-12.734	-8.807	-12.787
Gjaldførisúrslit rakstur/*Cash flow operations*	**100.426**	**86.103**	**97.761**	**119.632**
Íløgur í materiella støðisogn/ *Investments tangible non-current assets*	-10.664	-4.860	-51.301	-7.948
Søla av materiellari støðisogn/ *Disposals tangible non-current assets*	32	0	419	
Íløgur í fíggjarliga støðisogn/ *Investments financial non-current assets*	-57.578	-600	-19.642	198
Gjaldførisúrslit, íløgur/*Cash flow, investments*	**-68.210**	**-5.460**	**-70.525**	**-7.750**
Lántøka netto/*Loanrising net of installments*	-19.263	29.318	-4.092	23.748
Dagsvirði av rentuswapp/*Interest swapp at fair value*	100	-2.224	100	-2.224
Vinningsbýtið goldið/*Dividends payed*	-30.000	-85.000	-30.000	-85.000
Broyting rakstrarlán/*Changes bank credits*	29.366	-13.309	29.517	-39.873
Gjaldførisúrslit fígging/*Cash flow financing*	**-19.798**	**-71.215**	**-4.475**	**-103.349**
Gjaldførisúrslit netto/*Net Cash Flow*	**12.417**	**9.428**	**22.761**	**8.533**
Tøkur peningur/*Available funds* 1. januar 2010	35.017	25.590	36.215	27.682
Tøkur peningur/*Available funds* 31. desember 2010	**47.435**	**35.018**	**58.975**	**36.215**

NOTUR/*NOTES*

Nota 1. Segmentupplýsingar Móðurfelagið/*Segment information Parent Company*

Virksemi - primert segment/ *Activity - primary segment*	Mjøl/ *Meal*	Lýsi/ *Oil*	Fóður/ *Feed*	Tilsamans/ *Total*
Nettosøla/*Net sales revenues*	83.345	11.718	481.564	576.627

Landafrøði - sekundert segment/ Geography - *secundary segment*	Norðurlond *Scandinavia*	Europa annars/ *Rest of Europe*	Russland/ *Russia*	Onnur lond/ *Other countries*	Tilsamans/ *Total*
Nettosøla/*Net sales revenues*	534.944	41.683	0	0	576.627

Nota 1. Segmentupplýsingar Konsernin/*Segment information Consolidated*

Virksemi - primert segment/ *Activity - primary segment*	Mjøl/ *Meal*	Lýsi/ *Oil*	Fóður/ *Feed*	Alifiskur/ *Salmonoids*	Tilsamans/ *Total*
Nettosøla/*Net sales revenues*	83.345	11.718	481.564	246.676	823.303

Landafrøði - sekundert segment Geography - *secundary segment*	Norðurlond *Scandinavia*	Europa annars/ *Rest of Europe*	USA/ *USA*	Onnur lond/ *Other countries*	Tilsamans/ *Total*
Mjøl/*Meal*	41.662	41.683	0	0	83.345
Lýsi/*Oil*	11.718	0	0	0	11.718
Fóður/*Feed*	481.564	0	0	0	481.564
Alifiskur/*Salmonoids*	64.136	64.136	111.004	7.400	246.676
Nettosøla/*Net sales revenues*	**599.080**	**105.819**	**111.004**	**7.400**	**823.303**

	Móðurfelagið/ *Parent company*		Konsernin/ *Consolidated*	
	t.DKK 2010	t.DKK 2009	t.DKK 2010	t.DKK 2009
Nota 2. Starvsfólkakostnaður/*Payroll expenses*				
Starvsfólk í meðal/*Average number of staff*	73	82	161	120
Lønir og samsýningar/*Labour exp. and salaries*	-34.567	-33.307	-59.720	-43.022
Social gjøld./*Social expenses*	-3.565	-3.359	-6.045	-4.571
	-38.132	**-36.666**	**-65.764**	**-47.593**
Samsýning til nevnd og stjórn/ *Board of Directors' and CEO fees*	-3.498	-2.502	-7.027	-3.638
Nota 3. Grannskoðarakostnaður/*Audit Fees*				
Lógarásett grannskoðan/*Statutory audit*	285	185	437	254
Ráðgeving/*Consulting fees*	10	0	10	0
Aðrar tænastur/*Other services*	6	55	31	15
	301	**240**	**478**	**269**

	Móðurfelagið/ *Parent company*		Konsernin/ *Consolidated*	
	t.DKK 2010	t.DKK 2009	t.DKK 2010	t.DKK 2009
Nota 4. Fíggjarinntøkur/*Financial revenues*				
Rentuinntøkur frá atknýttum fyritøkum/ *Interest revenues from subsidiaries*	1.959	3.000	0	0
Rentuinntøkur frá vøruáogn/ *Interest revenues from receivables*	28	1.641	28	1.641
Vinningsbýti/*Dividend received*	3.611	1.122	3.611	1.122
Fíggjarinntøkur annars/*Other financial revenues*	2	289	342	346
	5.600	**6.053**	**3.982**	**3.109**
Nota 5. Fíggjarkostnaður/*Financial Expenses*				
Rentukostnaður íroknað amortiseringar/ *Interest expenses including amortisatons*	-8.065	-7.192	-14.969	-13.335
	-8.065	**-7.192**	**-14.969**	**-13.335**
Nota 6. Skattur av ársúrsliti/*Tax on earnings*				
Roknaður skattur av skattskyldugu inntøkuni/ *Calculated tax on taxable income*	-22.575	-8.807	-23.196	-8.807
Broyting í útsettum skatti/ *Cange in deferred taxes*	-58.958	138	-72.885	-997
	-81.533	**-8.669**	**-96.082**	**-9.804**
Nota 7. Immateriell støðisogn ***Intangible non-current assets***				
Útveganarvirði/*Acquisition value* 01.01.2010	0	0	4.000	4.000
Tilgongd/*Acquisitions*	17.644	0	20.592	0
Frágongd/*Disposals*	0	0	0	0
Útveganarvirði/*Acquisition value* 31.12.2010	**17.644**	**0**	**24.592**	**4.000**
Avskrivingar/*Depreciation* 01.01.2010	0	0	-4.000	-3.200
Avskrivað frágongd/*Depreciation disposals*	0	0	0	0
Avskrivingar/*Depreciations*	-3.529	0	-4.118	-800
Avskrivingar/*Depreciations* 31.12.2010	**-3.529**	**0**	**-8.118**	**-4.000**
Bókað virði/*Carrying Amount* 31.12.2010	**14.115**	**0**	**16.473**	**0**
Bókað virði/*Carrying amount* 31.12.2009	0	0	0	0

Nota 8. Materiel støðisogn Móðirfelagið/*Tangible non-current assets Parent Company*

	Bygningar tangar vm/ *Buildings tanks etc.*	Maskinur og rakstrargøgn/ *Machines Accessories*
Útveganarvirði/*Acquisition value* 01.01.2010	112.645	191.405
Tilgongd/*Acquisitions*	6.420	4.244
Frágongd/*Disposals*	-3.208	-160
Frágongd burturløgd/*Disposals scrap*		
Útveganarvirði/*Acquisition value* 31.12.2010	**115.857**	**195.489**
Uppskrivingar/*Write-ups*		
Avskrivingar/*Depreciation* 01.01.2010	-79.114	-158.477
Avskrivingar/*Depreciations*	-4.927	-15.425
Avskrivað frágongd/*Depreciation disposals*	3.208	128
Avskrivingar/*Depreciations* 31.12.2010	**-80.833**	**-173.774**
Bókað virði/*Carrying Amount* 31.12.2010	**35.024**	**21.715**
Bókað virði/*Carrying amount* 31.12.2009	33.531	32.928

Nota 8. Materiel støðisogn Konsernin/*Tangible non-current assets Consolidated*

	Alistøðir/ *Fish farms*	Bátar/ *Boats*	Bygningar, tangar vm/ *Buildings, tanks etc.*	Maskinur og rakstrargøgn/ *Machines Accessories*
Útveganarvirði/*Acquisition value* 01.01.2010	78.619	27.876	122.788	210.477
Tilgongd/*Acquisitions*	8.562	1.162	11.027	5.900
Frágongd/*Disposals*	-2.581	-27	-3.208	-13.492
Flutt/*Reclassified*	66	0	0	0
Útveganarvirði/*Acquisition value* 31.12.2010	**84.666**	**29.011**	**130.607**	**202.885**
Uppskrivingar/*Write-ups*	**8.920**	**2.350**	**3.000**	**3.444**
Avskrivingar/*Depreciation* 01.01.2010	-55.958	-11.462	-84.170	-174.323
Avskrivingar/*Depreciations*	-7.083	-1.455	-5.818	-17.129
Avskrivað frágongd/*Depreciation disposals*	2.498	27	3.208	13.460
Avskrivingar/*Depreciations* 31.12.2010	**-60.543**	**-12.890**	**-86.780**	**-177.992**
Bókað virði/*Carrying Amount* 31.12.2010	**33.043**	**18.472**	**46.827**	**28.336**
Bókað virði/*Carrying amount* 31.12.2009	20.734	11.966	40.468	33.694

Nota 9. Fíggjarlig støðisogn Móðurfelagið/*Financial non-current assets Parent Company*

	Partabrøv atknýttar fyritøkur/ *Shares subsidiaries*	Partabrøv assosieraðar fyritøkur/ *Shares assocates*	Onnur virðisbr./ *Other investm.*
Útveganarvirði/*Acquisition value* 01.01.2010	2.876	32.371	39.877
Tilgongd/*Acquisitions*	54.807	0	41.536
Frágongd/*Disposals*	-2.739	-25.000	-7.307
Útveganarvirði/*Acquisition value* 31.12.2010	**54.944**	**7.371**	**74.106**
Virðisjavningar/*Value adjustments* 01.01.2010	2.084	14.564	314
Uppskrivingar/*Write-ups*	61.328	10.373	316.419
Niðurskrivingar/*Write-downs*	-17.741	-5.003	0
Virðisjavningar/*Value adjustments* 31.12.2010	**45.671**	**19.934**	**316.733**
Bókað virði/*Carrying amount* 31.12.2010	**100.615**	**27.306**	**390.839**
Bókað virði/*Carrying amount* 31.12.2009	6.305	46.170	40.191

Atknýttar fyritøkur/*Subsidiaries*	Heimstaður/ *Domicile*	Ognar-og atkvøðupartur/ *Share of vote and equity*
Sp/f Havsbrún Farming	Fuglafjørður, Føroyar	100,00%
Havsbrun Shetland	Hetland	100,00%
P/F Sundalaks	Fuglafjørður, Føroyar	100,00%
P/F Salmex Faroe	Strendur, Føroyar	78,03%
P/F Faroe Farming	Vágur, Føroyar	78,07%
P/F Salmpro	Fuglafjørður, Føroyar	52,02%
Associeraðar fyritøkur/*Associates*		
P/F Keldan	Fuglafjørður, Føroyar	25,64%
A/S Hanstholm Fiskemelsfabrik	Danmark	34,51%

Nota 9. Fíggjarlig støðisogn Consolidated/*Financial non-current assets Consolidated*

	Partabrøv atknýttar fyritøkur/ *Shares subsidiaries*	Partabrøv assosieraðar fyritøkur/ *Shares assocates*	Onnur virðisbr./ *Other investm.*
Útveganarvirði/*Acquisition value* 01.01.2010	178	32.201	40.712
Tilgongd/*Acquisitions*	0	3.000	41.642
Frágongd/*Disposals*	0	-25.000	0
Útveganarvirði/*Acquisition value* 31.12.2010	**178**	**10.201**	**82.354**
Virðisjavningar/*Value adjustments* 01.01.2010	-50	13.968	34
Uppskrivingar/*Write-ups*	0	10.373	316.419
Niðurskrivingar/*Write-downs*	-70	-4.186	-7.521
Virðisjavningar/*Value adjustments* 31.12.2010	**-120**	**20.155**	**308.932**
Bókað virði/*Carrying amount* 31.12.2010	**58**	**30.356**	**391.286**
Bókað virði/*Carrying amount* 31.12.2009	128	46.170	40.745

Nota 10. Eginogn Móðurfelagið/*Equity Parent Company*

Rørslur í eginognini 2009/ *Changes in Equity*

	1. Januar	Broyt. nýttur roknskaparh./ *Changed acc. policies*	Útgoldið vinningsbýti/ *Declared dividend*	Uppskot býti av ársúrsliti/ *Proposed allocation of profit*	31. Desember
Partapeningur/*Share Capital*	10.600	0	0	0	10.600
Innanvirðisgrunnur/ *Reserve fund equity valuation*	7.100	0	0	11.791	18.891
Flutt úrslit/*Retained Earnings*	249.851	-2.224	-70.000	41.037	218.664
Uppskot til vinningsbýti/ *Dividend proposal*	15.000	0	-15.000	0	0
	282.550	**-2.224**	**-85.000**	**52.828**	**248.155**

Rørslur í eginognini 2010/ *Changes in Equity*

	1. Januar	Dagsvirði av rentuswapp/ *Fair value interest swap*	Útgoldið vinningsbýti/ *Declared dividend*	Uppskot býti av ársúrsliti/ *Proposed allocation of profit*	31. Desember
Partapeningur/*Share Capital*	10.600	0	0	0	10.600
Innanvirðisgrunnur/ *Reserve fund equity valuation*	18.891	164	0	329.040	348.095
Flutt úrslit/*Retained Earnings* *Ávegis vinningsbýtið/*	218.664	100	-30.000	112.047	300.810
	248.155	**264**	**-30.000**	**441.087**	**659.506**

		tDKK 2010	tDKK 2009
Partapeningur			
Partapeningurin er býttur soleiðis/*Share Capital is distributed as follows*:			
A-partabrøv, 10.600 stk. áljóðandi kr.	1.000	10.600	10.600
		10.600	**10.600**

Nota 10. Eginogn Konsernin/*Equity Consolidated*

Rørslur í eginognini 2009/
Changes in Equity

	1. Januar	Broyt. nýttur roknskaparh./ *Changed acc. policies*	Útgoldið vinningsbýti/ *Declared dividend*	Uppskot býti av ársúrsliti/ *Proposed allocation of profit*	31. Desember
Partapeningur/*Share Capital*	10.600	0	0	0	10.600
Flutt úrslit/*Retained Earnings*	256.951	-2.224	0	52.828	307.555
Uppskot til vinningsbýti/ *Dividend proposal*	15.000	0	-85.000	0	-70.000
	282.551	**-2.224**	**-85.000**	**52.828**	**248.155**

Rørslur í eginognini 2010/
Changes in Equity

	1. Januar	Dagsvirði av rentuswapp/ *Fair value interest swap*	Útgoldið vinningsbýti/ *Declared dividend*	Uppskot býti av ársúrsliti/ *Proposed allocation of profit*	31. Desember
Partapeningur/*Share Capital*	10.600	0	0	0	10.600
Flutt úrslit/*Retained Earnings*	237.555	264	0	162.982	400.801
Reserve fund equity valuation Flutt úrslit/*Retained Earnings*	0			278.105	278.105
Vinningsbýti í ótíð/ *Extraordinary Dividend*	0	0	-30.000	0	-30.000
	248.155	**264**	**-30.000**	**441.087**	**659.506**

Nota 11. Útsettur skattur Móðurfelagið/*Deferred tax Parent Company*

Útsettur skattur er greinaður soleiðis/*Deferred taxes is specified as follows*:

	Bygningar/ *Buildings*	Rakstrargøgn/ *Equipment*	Skuldarar/ *Receivables*	Partabrøv/ *Shares*	Tilsamans/ *Total*
Avsetingargrundarlag/ *Basis for calculation*	-2.746	-8.313	-2.000	316.419	303.360
Útsettur skattur ***Deferred tax***	494	1.496	360	-56.955	**54.605**

Nota 11. Útsettur skattur Konsernin/*Deferred tax Consolidated*

Útsettur skattur er greinaður soleiðis/*Deferred taxes is specified as follows*:

	Støðisogn/ *Non-current assets*	Biomassi/ *Biomass*	Skattahall/ *Tax loss*	Skuldarar/ *Receivables*	Tilsamans/ *Total*
Avsetingargrundarlag/ *Basis for calculation*	327.536	104.229	-32.828	-2.000	396.937
Útsettur skattur ***Deferred tax***	**58.956**	**18.761**	**-5.909**	**-360**	**71.449**

Nota 12. Langfreistað skuld Móðurfelagið/*Long term debts Parent Company*

	1/1 2010 Skuld í alt/ *Total debts*	31/12 2010 Skuld í alt/ *Total debts*	Avdráttur komandi ár/ *Installments next year*	Restskuld eftir 5 ár/ *Remaining 5 years on*
Veðskuld/*Mortgage debts*	106.104	86.841	19.614	9.261
	106.104	**86.841**	**19.614**	**9.261**

Nota 12. Langfreistað skuld Konsernin/*Long term debts Consolidated*

	1/1 2010 Skuld í alt/ *Total debts*	31/12 2010 Skuld í alt/ *Total debts*	Avdráttur komandi ár/ *Installments next year*	Restskuld eftir 5 ár/ *Remaining 5 years on*
Veðskuld/*Mortgage debts*	131.224	127.131	30.175	11.405
	131.224	**127.131**	**30.175**	**11.405**

Nota 13. Eventualskyldur
Felagnum áhvílir ongar eventualskyldur.

Note 13. Contingent liabilities
The company has issued no guarantees or other contingent liabilities

Nota 14. Veðsetingar og trygdarveitingar
Sum trygd fyri skuld til peningarstovnar tilsamans t.kr. 86.841, er latið veð í ognum felagsins, umfatandi materiella støðisogn. Alifeløgini í konsernini hava harumframt latið veð í goymslu av biomassa og aliloyvum.

Note 14. Mortgages and security pledges
The company has mortgaged its assets, comprising tangible non-current assets for debts to financial institutions, amounting to tDKK 86,841. Additionally, The seafarming subsidiaries have mortgaged biomass in inventory and production licenses.

Bygningar felagsins standa á leigaðum øki.

The buildings are on rented land.

Nota 15. Nærstandandi partar
Konsernin hevur ongar nærstandandi partar, ið handlað verður við, aðrar enn teir, sum eru tiknir við í konsernroknskapin.

Note 15. Related parties
The consolidated group has no related parties, which are trading partners apart from those which are included in the consolidation.

Ognarviðurskifti
Hesir partaeigarar eru skrásettir í felagsins partabrævabók við einum ognarluti uppá í minsta lagi 5% av atkvøðurættindunum ella í minsta lagi 5% av partapeninginum:

General shareholder information
The following shareholders are listed in the book of shareholders, holding 5% or more of the shares or voting rights:

P/F Føroya Fiskiídnaður, Tórshavn

NÝTTUR ROKNSKAPARHÁTTUR

APPLIED ACCOUNTING POLICIES

Ársfrásøgnin hjá P/F Havsbrún fyri 2010 er gjørd í samsvari við ásetingarnar í flokki C fyri stórar fyritøkur í ársroknskaparlógini og eftir galdandi roknskaparleiðbeiningum.

The P/F Havsbrún Annual Report for 2010 is prepared in accordance with the provisions in the Faroese Financial Statements Act, which apply to Class C-Large companies, and current national accounting standards.

Nýtti roknskaparhátturin er óbroyttur, í mun til undanfarna ár.

The applied accounting policies remain unchanged compared to last year.

Alment um innrokning og virðisáseting
Í rakstrarroknskapinum verða inntøkurnar innroknaðar í stigum, so hvørt tær eru vunnar. Sama er galdandi fyri virðisjavningar av fíggjarligum ognum og skyldum. Í rakstrarroknskapinum verða somuleiðis allir kostnaðir innroknaðir, herímillum avskrivingar og niðurskrivingar.

Recognition and measurement in general
Revenues in the Income Statement are recognized as they are earned. The same applies to valuation differences of financial assets and liabilities. Similarly, all expenses are recognised in the Income Statement, including depreciations and write-downs.

Ognir verða innroknaðar í fíggjarstøðuna, tá sannlíkt er, at tær í framtíðini geva fyritøkuni fíggjarligar fyrimunir, og virðið kann ásetast álítandi.

Assets are recognised in the balance sheet at the time when the fincial benefits from the assets are likely the flow to the company and values can be measured reliably.

Skyldur verða innroknaðar í fíggjarstøðuna, tá sannlíkt er, at tær í framtíðini taka fíggjarligar fyrimunir úr fyritøkuni, og virðið kann ásetast álítandi.

Liabilities are recognised in the balance sheet at the time when the financial benefits from the liabilities are likely the flow from the company and values can be measured reliably.

Við fyrstu innrokning verða ognir og skyldur virðisásettar til útveganarvirði. Síðani verða ognir og skyldur virðisásettar, sum greitt er frá niðanfyri um einstøku roknskaparpostarnar.

At first time recognition, assets and liabilities are measured at acquisition value. The subsequent measurements are made, as described below concerning the individual items.

Ávísar fíggjarligar ognir og skyldur verða virðisásettar til amortiserað útveganarvirði, har ein støðug effektiv renta verður innroknað yvir tíðarskeiðið. Amortiserað útveganarvirði verður uppgjørt sum upprunaligt útveganarvirði frádrigið møguligan avdrátt, umframt ískoyti/frádrátt av akkumuleraðu amortiseringini av muninum millum útveganarvirði og áljóðandi virði.

Certain financial assets and liabilities are measured at amortised acquisition value, where an internal rate of return covering the full period is calculated. Amortised acquisition value is measured at original acquisition value, less instalments and additions/deductions of accumulated amortisation of any differences between acquisition value and face value.

Innrokningar og virðisásetingar taka hædd fyri tapum og váðum, ið vóru væntað við roknskaparlok, sum síðan eru sannað ella avsannað, innan framløguna av ársfrásøgnini.

In recognising and measuring assets and liabilities due consideration is given to risks identified by the balance sheet date, which are verified or rejected by the time the Annual Report is authorised for issue.

Roknskaparliga virðið á immateriellari og materiellari støðisogn verður gjøgnumgingið árliga, fyri at staðfesta um ábendingar eru um størri virðisminkingar, enn tær, sum eru í regluligu avskrivingunum. Um so er, verður niðurskrivað til

The carrying amount of immaterial and material non-current assets, are reconsidered annually, to determine whether material impairment has occurred, which exceed depreciations. If so, the items will be written down to the lower tað lægra endurútveganarvirði.

recoverable amount.

KONSERNROKNSKAPUR

Móður- og konsernroknskapurin, umfatandi øll feløgini í Havsbrún konsernini, er uppsettur eftir innanvirðisháttinum.

Konsernroknskapurin vísir móðurfelagið og dótturfeløgini undir einum. Allir internir handlar og millumverandi, eins og konserninternir kapitalpartar, eru elimineraðir.

Inntøkur og kostnaðir frá kapitalpørtum eru innroknaðir í móðurfelagsroknskapin eftir úrsliti áðrenn skatt í dótturfeløgunum. Skattur í móður- og dótturfeløgunum er síðani kostnaðarførdur í móðurfelagnum.

Úrslitið áðrenn skatt vísir síðani úrslitini, áðrenn skatt í øllum atknýttu feløgunum.

Inntøkur frá assosieraðum feløgum eru innroknaðar eftir ognarpartinum av ársúrslitinum og eginpeninginum.

Kapitalpartar, undir fíggjarligari støðisogn, vísa ognarpartarnar í atknýttum og assosieraðum feløgum til innara virði. Um eginognin er negativ verður niðurskrivað til kr. 0, og upphæddin verður avsett undir skyldum, í tann mun móðurfelagið heftir fyri skuldini.

CONSOLIDATION

The parent- and consolidated accounts, covering all the companies in Havsbrún Group, are prepared according to the equity method.

The consolidated accounts present the parent company and its subsidiaries as one entity. All internal trade, balances, as well as internal capital interests are eliminated.

Revenues and expenses from capital interests are included in the parent company's accounts measured at profits before taxes in the subsidiaries. Taxes of the parent company and its subsidiaries are deduct-ed in the parent company's income statement.
Profits, before taxes, present profits before taxes in all consolidated companies.

Revenues from associated companies are measured according to share percentage of annual profits and equity.

Financial non-current assets, investments in subsidiaries and associates, are measured according to equity value. Whereas equity turns negative, investments are written down to DKK 0, and the full amount is provided for as a liability, if the parent company is liable for the subsidiaries' debts.

RAKSTRARROKNSKAPURIN

Nettosøla
Nettosøla av handilsvørum og lidnum vørum verður innroknað í rakstrarroknskapin, um veiting og váði er farin til keypara innan roknskaparlok. Nettosølan verður innroknað uttan meirvirðisgjald og við frádrátti av avsláttri í sambandi við søluna.

Framleiðslukostnaður
Framleiðslukostnaður er kostnaðurin av seldum vørum í árinum. Kostnaðurin fevnir um rávøru, hjálpitilfar, framleiðslulønir, viðlíkahald og avskrivingar av framleiðsluognunum v.m.

INCOME STATEMENT

Net operating revenue
Net revenues from sales are recognised in the Income Statement as the purchaser has assumed benefits and risks inherent in possession of the goods at the balance sheet date. Net operation revenues are recognised less VAT and deduction of discounts.

Production expenses
Production expenses consist of expenses concerning goods sold during the year. The expenses comprise raw materials, additives, labour expenses, maintainence and depreciation of production assets, etc.

Fíggjarligir postar
Fíggjarligar inntøkur og kostnaðir verða innroknað í rakstrarroknskapin við upphæddum, sum viðvíkja roknskaparárinum. Fíggjarligu postarnir fevna um rentuinntøkur og -kostnaðir, fíggjarligar kostnaðir av fíggjarligari leasing, staðfestir og ikki staðfestir kursvinningar og -tap viðvíkjandi virðisbrøvum, skuld og handlan í frammandum gjaldoyra og amortisering av realkredittlánum.

Vinningsbýti frá øðrum kapitalpørtum verða inntøkuførd í tí roknskaparári, vinningsbýti er samtykt.

Óvanligar inntøkur og kostnaðir
Óvanligar inntøkur og kostnaðir fevna um inntøkur og kostnaðir, sum viðvíkja hendingum ella handlum, sum greitt víkja frá tí vanliga rakstrinum og sum ikki kunnu væntast at vera afturvendandi.

Skattur
Skattur av ársúrslitinum, ið fevnir um skattin fyri árið og broytingina í útsettum skatti, verður innroknaður í rakstrarroknskapin við tí parti, sum viðvíkur ársúrslitinum, og innroknaður beinleiðis á eginpeningin við tí parti, sum viðvíkur bókingum beinleiðis á eginognina.

Financial items
Financial revenues and expenses are recognised in the Income Statement by the amounts which are recognised during the year. Financial items consist of interest revenues and expenses from receivables and payables, financial leasing, realised and unrealised valuation differences on securities, agio/disagio and amortisation on loans.

Dividends on other share investments are entered to the Income Statement at the time of adoption by the general meeting.

Extraordinary revenues and expenses
Extraordinary revenues and expenses consist of items, derived from events etc., which clearly part from ordinary operations and which are not expected to be recurrent.

Taxes
Taxes on annual profits, which consist of current tax and changes in deferred taxes, are charged to the Income Statement at the amount, which is derived from the annual profit, and is charged to equity at the amount, which are derived from items entered to equity.

FÍGGJARSTØÐAN

Immateriell støðisogn
Keypt goodwill verður virðisásett til útveganarvirði, frádrigið akkumuleraðar avskrivingar. Goodwill verður avskrivað yvir ta fíggjarligu livitíðina, sum er mett til 5 ár.

Patent og rættindi eru tikin við til útveganarvirði, frádrigið akkumuleraðar avskrivingar, ella til endurútveganarvirði, tá hetta er lægri. Patent verða avskrivað yvir patenttíðarskeiðið, og rættindi verða avskrivað yvir avtalutíðarskeiðið, tó í mesta lagið yvir 8 ár.

Menningarkostnaður og kostnaður til innanhýsis upparbeitt rættindi verða innroknað í rakstrarroknskapin sum kostnaður í útveganarárinum.

BALANCE SHEET

Intangible non-current assets
Purchased goodwill is measured at acquisition value, less accumulated depreciations. Goodwill is depreciated over economic useful life, which is estimated at 5 years.

Patents and other contractually based rights are measured at acquisition value, less accumulated depreciations, or at recoverable amount, when this is lower. Patents are depreciated over the patent period, and other rights are depreciated over the contract period, but no more than 8 years.

Development expenses and expenses concerning internally developed rights are measured in the Income Statement at incurred expenses during the acquisition year.

Materiell støðisogn
Grundøki og bygningar, framleiðslutól og maskinur, umframt onnur tól, rakstrargøgn og innbúgv verða tikin við til útveganarvirðið, frádrigið akkumuleraðar avskrivingar.

Avskrivingargrundarlagið er útveganarvirðið við frádrátti av væntaðum restvirði eftir lokna nýtslutíð. Grundøki verða ikki avskrivað.

Útveganarvirðið fevnir um keypsprísin, umframt kostnað, ið beinleiðis er knýttur at ognini, til hon er klár at taka í nýtslu.

Tær linjeru avskrivingarnar eru grundaðar á fylgjandi metingar av væntaðu livitíðini hjá ognunum.

	Nýtslutíð
Bygningar	15 - 25 ár
Framleiðslutól og maskinur	5 ár

Vinningur ella tap, við avhendan av støðisogn, verða uppgjørd sum munurin millum sølupris, frádrigið sølukostnað, og tað roknskaparliga virðið á søludegnum. Vinningur ella tap verða innroknað í rakstrarroknskapin undir øðrum inntøkum ella kostnaðum.

Leasingavtalur
Leasingavtalur verða mettar at verða operationel leasing. Gjøld í sambandi við operationella leasing og aðrar leiguavtalur verða innroknað í rakstrarroknskapin yvir avtalutíðarskeiðið. Felagsins samlaðu skyldur viðvíkjandi operationellari leasing- og leiguavtalum verða upplýstar undir eventualskyldum.

Fíggjarlig støðisogn
Kapitalpartar í atknýttum og assosieraðum fyritøkum verða tiknir við eftir innanvirðisháttinum.

Kapitalpartar í øðrum fyritøkum verða tiknir við til útveganarvirði. Um nettorealisatiónsvirðið er lægri enn útveganarvirðið, verður niðurskrivað til lægra virðið.

Lánsbrævagoymslur, sum fevna um lánsbrøv, ið leiðslan væntar, at felagið eigur til lokadag, verða tiknar við til amortiserað útveganarvirði.

Við amortiseraðum útveganarvirði fyri hesi lánsbrøv, skilst restvirðið av lánsbrøvunum upptikin til ein kurs, ið verður roknaður sum kursvirðið (dagsvirðið) við útvegan, við einum tíðarbundnum útroknaðum ískoyti/frádrátti av

Tangible non-current assets
Land and buildings, production equipment and machines, and other tools and furniture are measured at acquisition value, less accumulated depreciations.

The basis for measuring depreciations is acquisition value less of scrap by the end of useful life. Land is not depreciated.

Acquisition value consists of purchasing price and various expenses in relation to the asset up to the point of being used.

Linear depreciations are based on the following estimates of expected useful lifespan.

	Useful life
Buildings	15 - 25 years
Production Equipment and mach.	5 years

Gains and losses, by disposal of material non-current assets are calculated as the difference between sales revenue less sales expenses, and carrying amount at the sales date. Gains or losses are included in the Income Statement.

Leasing contracts
Leasing contracts are considered operational leasing. Payments concerning operational leasing and other leasing contracts are recognised in the Income Statement over the contract period. The total amounts due concerning operational leasing contracts are given in the note explaining contingent liabilities.

Financial non-current assets
Shares in subsidiaries and associated enterprises are recognized at internal equity value.

Shares in other enterprises are measured at acquisition value. Whereas acquisition value exceeds net realization value, the assets are written down to the lower value.

Bonds, consisting of bonds, which the executives expect to keep to maturity, are measured at amortized cost value.

Amortized cost value is made up of remaining value of the bond, measured at current quotation rates, which are measured at current market value by the time of acquisition, added a time related addition/deduction of the difference between the

muninum ímillum nevnda kursin og innfríanarkursin.

Vørugoymslur
Vørur á goymslu verða virðisásettar til útveganarvirði eftir FIFO-háttinum. Um nettorealisatiónsvirðið er lægri enn útveganarvirðið, verður niðurskrivað til lægra virðið.

Útveganarvirðið á handilsvørum, rávørum og øðrum hjálpartilfari verður roknað sum keypsvirði, umframt flutningsgjald.

Útveganarvirðið á lidnari vøru og arbeiði í gerð verður virðisásett til útveganarvirðið á rávørum, hjálpartilfari og beinleiðis eins og óbeinleiðis lønar- og framleiðslukostnaði.

Nettorealisatiónsvirðið fyri vørugoymslur verður uppgjørt sum søluprísur, frádrigið kostnað til liðugtgerð og kostnað til at gjøgnumføra søluna, og verður ásett við atliti at sølubæri, ókuransi og gongdini á væntaðum søluprísi.

Áogn
Áogn er tikin við til amortiserað útveganarvirði, sum vanliga svarar til áljóðandi virði. Virðið verður niðurskrivað eftir møguligum tapsvanda.

Tíðaravmarkingar
Tíðaravmarkingar, undir ognum, er goldin kostnaður, sum viðvíkur komandi roknskaparárum.

Virðisbrøv
Virðisbrøv, undir ogn í umferð, eru tikin við til dagsvirði (kursvirði) við roknskaparlok.

quoted value and instalment amount.

Inventories
Inventories are measured at acquisition price, according to the FIFO-method. Whereas acquisition value exceeds net realization value, inventories are written-down accordingly.

Acquisition value on trade inventories, raw materials and other additives are measured at purchasing price and transportation expenses.

Acquisition value on finished goods and work in progress are measured at purchasing prices on raw materials, additives, direct labour as well as indirect labour, salaries and other indirect production expenses.

Net realization value on inventories is measured at marked prices, less finishing and sales expenses and is determined by paying due consideration to the market situation, inventory turnover and expected sales prices.

Accounts receivable
Accounts receivable are measured at amortized acquisition value, which is normally equivalent to face value. Any amounts are subject to write-downs, according to considerations of risk of losses.

Accruals
Asset accruals are pre-payed expenses, which will be spent in future financial years.

Securities
Current securities are measured at current market quotations at the balance sheet date.

Vinningsbýti
Uppskot til vinningsbýti fyri roknskaparárið verður tikið við sum serstakur postur undir eginognini. Uppskot til vinningsbýti verður tikið við sum skylda, tá tað er samtykt á aðalfundi.

Dividends
Proposed dividend is presented as an individual item in equity. Dividend proposals are transferred to current debts at adoption by the general meeting.

Skyldugur skattur og útsettur skattur
Skyldugur skattur og skattaáogn verða tikin við í fíggjarstøðuna, sum roknaður skattur av ársins skattskyldugu inntøku, við møguligum javningum fyri skatti frá undanfarnum árum.

Útsettur skattur verður uppgjørdur eftir fíggjarstøðugrundaða skuldarháttinum av fyribils mununum millum roknskaparliga og skattliga virðið á ognum og skyldum, uppgjørd við grundarlagi í ætlaðu nýtsluni av ognini ella afturrindanini av skylduni.

Útsett skattaáogn, herímillum skattliga virðið av framflytingarheimilaðum skattligum halli, verður innroknað við til virðið, sum ognin væntandi verður realiserað fyri. Antin við javnan í skatti av framtíðarinntøkum, ella við mótroknan av útsettari skattaskyldu innan fyri somu løgfrøðiligu skattaeind. Møgulig útsett nettoskattaáogn verður tikin við til nettorealisatiónsvirðið.

Útsettur skattur verður útroknaður við grundarlagið í galdandi skattareglum og skattaásetingum, sum við roknskaparlok eru galdandi, tá útsetti skatturin væntandi verður útloystur. Broytingar í útsetta skattinum, sum eru avleiðingar av broytingum í skattasatsum, verða tiknar við í rakstrarroknskapinum. Í hesum árinum er skattasatsurin 18%.

Tax payable and deferred taxes
Tax payable and tax assets are recognized in the balance sheet, at calculated tax expense on annual profit, including possible regulations to tax from last year.

Deferred taxes are calculated employing the balance based liability method of the provisional difference between carrying amounts and tax balances on assets and liabilities. Calculations are based on intended utilization of the asset or installment of the liability.

Deferred tax assets, including tax losses to be carried forward to future tax years, are measured at expected realization value of the asset. Either by deduction of future tax income, or reduction of deferred tax liability for the same tax subject. Probable net tax assets are measured at net realization value.

Deferred tax is calculated based on current tax laws, and regulations which at the balance sheet are expected to be in force by the time of realization of the deferred tax. Changes in deferred taxes, derived from changes in tax rates are measured in the Income Statement. This years tax rate is 18% p.a.

Skuld
Fíggjarligar skyldur verða innroknaðar sum lántøka til útveganarvirði, svarandi til móttiknu upphæddina eftir frádrignan handilskostnað. Eftirfylgjandi tíðarskeið verða fíggjarligar skyldur innroknaðar til amortiserað útveganarvirði, sum svarar til kapitaliseraða virðið við effektivu rentuni, soleiðis at munurin, millum móttiknu upphæddina og áljóðandi virðið, verður innrokaður í rakstrarroknskapin yvir lánitíðarskeiðið.

Veðskuld er tískil innroknað til amortiserað útveganarvirði, sum fyri kontantlán svarar til restskuldina á láninum. Fyri brævalán svarar amortiseraða útveganarvirðið til eina restskuld, roknað sum lánsins undirliggjandi kontantvirði á upptøkudegnum. Harumframt verður kursmunurin avskrivaður yvir avdráttartíðina.

Debts
Financial liabilities are recognized as loans at acquisition value, equalizing received revenues, less of transaction expenses. The following periods, financial liabilities are measured at amortized acquisition value, which equals the capitalized value of internal rate of return, where the difference between received amounts and face value are included in the income statement over the instalment period.

Consequently, mortgages are measured at amortized acquisition value, which for cash loans equal remaining debts. For bonds the amortized acquisition value equal remaining debts which are calculated as the cash equivalent at the contract date. Moreover, the quotation differences are amortized over the instalment period.

Aðrar skuldir, sum fevna um vøru- og tænastuskuld, skuld til atknýttar fyritøkur og aðrar skuldir, verða tiknar við til amortiserað útveganarvirði, sum vanliga er áljóðandi virði.

Other debts, which consist of trade payables, payables to group enterprises, and other debts, are measured at amortized acquisition value, which usually equals face value.

Umrokning av fremmandum gjaldoyra
Handlar í fremmandum gjaldoyra verða umroknaðir til kursin, sum er galdandi á handilsdegnum. Gjaldoyramunir, millum handilsdagin og gjaldsdagin, verða innroknaðir í rakstrarroknskapin, sum ein fíggjarpostur. Um gjaldoyrapositiónir verða sæddar sum tryggingar fyri framtíðar peningastreymum, verða virðisjavningarnar innroknaðar beinleiðis á eginpeningin.

Agio/disagio
Trade in foreign currency are calculated at current currency quotations at trading date. Currency differences between trade date and settlement date are included in the income statement as a financial item. Where currency balances are considered hedging instruments concerning future cash flows, value adjustments are recognized directly in equity.

Áogn, skuld og aðrir peningaligir postar í fremmandum gjaldoyra, sum ikki eru avroknaðir við roknskaparlok, verða innroknaðir til gjaldoyrakursin við roknskaparlok. Munurin millum gjaldoyrakursin við roknskaparlok og kursin, ið var galdandi á upptøkudegnum, verður innroknaður í rakstrarroknskapin undir fíggjarligum inntøkum og kostnaðum.

Receivables, payables and other financial items in foreign currencies, which are awaiting settlement at the balance sheet date, are measured at current quoted currency rates. Currency differences between balance sheet date and settlement date are included in the income statement as a financial item.

Støðisognir, ið eru keyptar í fremmandum gjaldoyra, verða innroknaðar til kursin á handilsdegnum.

Non-current assets, which are purchased in foreign currency, are measured at the quoted rate at the agreement date.

GJALDFØRISFRÁGREIÐING

Gjaldførisfrágreiðing er uppsett eftir óbeinleiðis háttinum og vísir gjaldførisávirkanina frá rakstri, fløgum og fígging.

Gjaldføri við roknskaparbyrjan og við roknskaparlok er samansett av tøkum peningi og innistandandi í peningastovni.

LYKLATØL

Lyklatølini, sum standa í brotinum høvuðs- og lyklatøl í ársfrágreiðingini, eru roknað soleiðis:

Rakstraravkast $= \frac{\text{Rakstrarúrslit x 100}}{\text{Nettosølu}}$

Skiftisavkast $= \frac{\text{Bruttoúrslit x 100}}{\text{Nettosølu}}$

Ognaravkast $= \frac{\text{Rakstrarúrslit x 100}}{\text{Miðal ognir}}$

Trygdarevni $= \frac{\text{Eginogn x 100}}{\text{Skyldur tilsamans}}$

Renta av eginogn $= \frac{\text{Ársúrslit x 100}}{\text{Miðal eginogn}}$

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method and presents cash flow from operations, investments and financing activities.

The cash positions 1 January and 31 December consist of cash in hand and bank deposits

KEY FIGURES

The Key figures given in the paragraph concerning key figures in the Board of Executives Review, are calculated as follows.

Operating Profit Ratio $= \frac{\text{Operating Profits x 100}}{\text{Net Sales Revenue}}$

Gross Ratio $= \frac{\text{Gross Profits x 100}}{\text{Net Sales Revenue}}$

Asset Yield $= \frac{\text{Operating Profits x 100}}{\text{Total Assets on avg.}}$

Financial standing $= \frac{\text{Equity x 100}}{\text{Total Liabilities}}$

Equity Yield $= \frac{\text{Annual Profits x 100}}{\text{Equity on avg.}}$