

P/F Bakkafrost

Condensed Consolidated Interim Report for Q3 2014 and 9 Months 2014

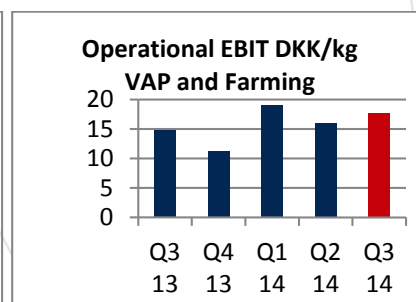
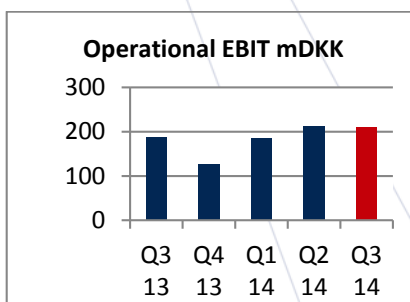
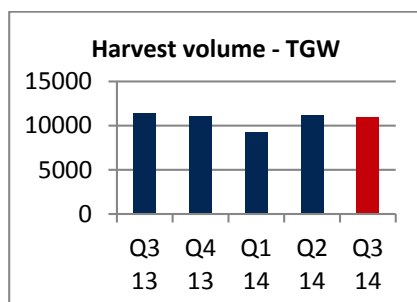


Table of Contents

Highlights	2
Summary of the 3 rd Quarter 2014 and 9 Months 2014.....	3
Financial Review.....	5
Outlook.....	10
Risks	12
Events after the Date of the Statement of Financial Position.....	12
Consolidated Income Statement.....	13
Consolidated Statement of Comprehensive Income.....	14
Consolidated Statement of Financial Position	15
Consolidated Cash Flow Statement.....	17
Consolidated Statement of Changes in Equity	18
Notes to the Account.....	19
Contacts.....	25

Highlights

DKK 1,000	Q3 2014	Q3 2013	YTD 2014	YTD 2013
INCOME STATEMENT, SEGMENTS AND CASH FLOW				
Group - Operating revenue	584,113	741,134	1,926,026	1,824,437
Group - Operational EBIT*	208,700	186,762	606,317	461,139
Group - Profit for the period	211,274	199,630	424,664	451,352
Operational EBIT (Farming and VAP)(DKK)	193,385	167,941	550,091	426,978
Operational EBIT*/kg (Farming and VAP)(DKK)	17.77	14.82	17.54	14.15
Operational EBIT*/kg (Farming and VAP) (NOK)	19.73	15.76	19.48	14.21
Farming - Operating revenue	435,421	520,277	1,469,111	1,465,638
Farming - Operational EBIT*	166,869	187,503	512,577	511,557
Farming - Operational EBIT margin	38%	36%	35%	35%
Farming - Operational EBIT/kg (DKK)	15.34	16.54	16.34	16.96
Farming - Operational EBIT/kg (NOK)	17.02	17.59	18.15	17.02
VAP - Operating revenue	155,178	147,705	654,381	463,578
VAP - Operational EBIT*	26,516	-19,562	37,514	-84,579
VAP - Operational EBIT margin	17%	-13%	6%	-18%
VAP - Operational EBIT/kg (DKK)	6.10	-4.66	2.33	-6.36
VAP - Operational EBIT/kg (NOK)	6.77	-4.96	2.58	-6.38
FOF - Operating revenue	287,369	422,278	745,538	830,511
FOF - EBITDA	61,660	48,756	140,775	104,414
FOF - EBITDA margin	21.46%	11.55%	18.88%	12.57%
Cash flow from operations	280,415	130,597	696,548	330,401
DKK/NOK (average)	90.09	94.04	90.04	99.61
FINANCIAL POSITION				
Total Assets**	3,327,103	3,112,226	3,327,103	3,112,226
Equity**	1,892,427	1,665,277	1,892,427	1,665,277
Equity ratio**	57%	54%	57%	54%
Net interest bearing debt (incl. fin. derivatives)**	356,808	638,563	356,808	638,563
PROFITABILITY				
Basic earnings per share (DKK)	4.36	4.09	8.76	9.24
Diluted earnings per share (DKK)	4.36	4.09	8.76	9.24
ROE***	11.9%	13.5%	23.9%	31.9%
ROCE (for the last quarter)****	8.7%	8.3%	25.1%	21.1%
ROCE (for the last 4 quarters)	27.1%	27.1%	32.8%	26.9%
ROIC (for the last quarter)*****	13.1%	11.8%	29.9%	27.4%
ROIC (for the last 4 quarters)	40.2%	38.2%	36.2%	38.2%
VOLUMES				
Harvested volume (tonnes gutted weight)	10,881	11,335	31,362	30,171
VAP produced volume (tonnes gutted weight)	4,350	4,196	16,122	13,300
Sold feed tonnes	29,808	31,961	62,591	65,063

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

** Comparing figures from end 2013

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

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

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

Summary of the 3rd Quarter 2014 and 9 months 2014

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

The Bakkafrost Group delivered a total operating EBIT of DKK 208.7 million in Q3 2014. The combined farming and VAP segment made an operational EBIT of DKK 193.4 million in Q3 2014. The Farming segment made an operational EBIT of DKK 166.9 million. The global salmon spot prices decreased during the quarter, while Bakkafrost's VAP contract prices stayed on a record high level, consequently the VAP segment made an operational EBIT of DKK 26.5 million in Q3 2014. The EBITDA for the FOF segment was DKK 61.7 million in Q3 2014.

The Group made a profit for the quarter of DKK 211.2 million (DKK 199.6 million). For the first nine months of 2014, the profit was DKK 424.7 million (DKK 451.4 million).

The total volumes harvested in Q3 2014 were 10,881 tonnes gutted weight (11,335 t_{gw}). The total harvested volumes the first nine months of 2014 were 31,362 tonnes gutted weight (30,171 t_{gw}). The reason for the increase in the harvested volumes year on year is that Bakkafrost will harvest higher volumes this year compared to the year before.

Bakkafrost transferred 2.2 million smolts in Q3 2014 (2.8 million), which is in line with the company's plans. Year to date 7.2 million have been transferred (6.7 million). The smolt release is higher in 2014 compared to 2013, due to available sites for smolt release.

In Q3 2014, the associated company P/F Faroe Farming harvested 776 tonnes gutted weight (866 t_{gw}). For the first nine months of 2014, Faroe Farming harvested 2,988 tonnes gutted weight (4,164 t_{gw}).

The combined farming and VAP segment made an operational EBIT of DKK 193.4 million (DKK 167.9 million) in Q3 2014. For the first nine months of 2014, the combined farming and VAP segment made an operational EBIT of DKK 550.1 million (DKK 427.0 million).

The farming segment made an operational EBIT of DKK 166.9 million (DKK 187.5 million) in Q3 2014. The reason for the decrease are lower spot prices, combined with lower harvested volumes this quarter, compared to the same quarter in 2013. For the first nine months of 2014, the operational EBIT was DKK 512.6 million (DKK 511.6 million).

The VAP segment made an operational EBIT of DKK 26.5 million (DKK -19.6 million) for Q3 2014. The improved result is primarily due to a combination of improved contract prices and lower raw material prices. There is normally a time lag between the changes in the spot prices and the changes in the contract prices. The contract prices

have increased significantly from the level in 2013, due to the high salmon spot prices. When the spot prices decreased during the quarter, the contracts became profitable, compared to selling the salmon on the spot market. For the first nine months of 2014, the operational EBIT was DKK 37.5 million (DKK -84.6 million).

The third segment – FOF (fishmeal, oil and feed), made an operational EBITDA of DKK 61.7 million (DKK 48.8 million) in Q3 2014, and for the first nine months of 2014, the operational EBITDA amounted to DKK 140.8 million (DKK 104.4 million). The increase in the EBITDA year to date is primarily due to higher production of fishmeal and fish oil, as the raw material intake has increased significantly.

In Q3 2014, Havsbrún sourced 19,782 tonnes of raw material (68,430 tonnes) and in the first nine months of 2014, Havsbrún sourced 171,313 tonnes of raw material (142,150 tonnes).

Bakkafrost has established a share saving plan for its employees for 2014. Employees can purchase shares for maximum 5 percent of the monthly basic salary. After two full years of ownership and continuous employment, which is 1st January 2017, the company will allocate one bonus share, for every share bought in connection with this offer for 2014.

On the 24th of April 2014, Bakkafrost – via its 100% owned subsidiary Havsbrún – acquired an additional 41.15% in Hanstholm Fiskemelsfabrik. After the acquisition, Bakkafrost owned 81.01% of the company. The 9th of May 2014, Bakkafrost divested all its shares in Hanstholm Fiskemelsfabrik to FF Skagen A/S. In return, Bakkafrost, via its subsidiary P/F Havsbrún, received a 17% share interest in FF Skagen A/S. The investment is a strategic investment and part of the consolidation of the fishmeal and fish oil industry.

In accordance with the Group's dividend policy, Bakkafrost paid out DKK 4.50 (NOK 4.98) per share in April 2014. The amount corresponds to approximately DKK 219.9 million (NOK 243.3 million).

In February 2014, a routine surveillance test detected a possible pathogenic ISA-virus at Bakkafrost's farming site A-80. There was no increase in mortality and no impact on fish health or fish welfare, however. Bakkafrost decided to activate the ISA-contingency plan immediately and hence enforced slaughtering of the last cage at the farming site A-80 Selatrað. The detected site, together with all the neighbouring sites, are now empty. No signs of ISA have been observed since, and no cost increase was related to the detection.

The farming companies and the authorities have put a lot of work into maintaining the good biological status in the Faroe Islands. Regular surveillance tests for ISA-viruses have been performed at all farms during the last approx. 10 years at sea sites in the Faroes. Bakkafrost and the other farmers in

the Faroe Islands will keep working with the Faroese Food and Veterinary authority to avoid the introduction of AGD and ISA.

The Bakkafrost Group had a net interest bearing debt at the end of Q3 2014 amounting to DKK 356.8 million (DKK 638.6 million at year-end 2013) including deposits and losses on financial derivatives relating to the interest bearing debt. Bakkafrost had undrawn credit facilities of approximately DKK 921.4 million, of which DKK 15.4 million were restricted at the end of Q3 2014.

Bakkafrost's equity ratio is 57%, compared to 54% at the end of 2013.

Segment performance per kg

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Operational EBIT/kg harvested				
Farming EBIT/kg (DKK)	15.34	16.54	16.34	16.96
Farming EBIT/kg (NOK)	17.02	17.59	18.15	17.02
VAP EBIT/kg (DKK)	6.10	-4.66	2.33	-6.36
VAP EBIT/kg (NOK)	6.77	-4.96	2.58	-6.38

Smolt transfer

Bakkafrost Group						
1,000 pieces	2009	2010	2011	2012	2013	2014E
Farming North, <i>salmon</i>	4,000	4,100	5,000	6,500	7,200	4,900
Farming West, <i>trout</i>	300	0	0	0	0	0
Farming West, <i>salmon</i>	2,100	4,100	2,600	4,200	2,300	5,800
Viking	1,700	1,800	1,000	0	0	0
Total	8,100	10,000	8,600	10,700	9,500	10,700

Financial Review

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

Income Statement

The operating revenues amounted to DKK 584.1 million in Q3 2014 (DKK 741.1 million). The decrease is due to lower revenue in the Farming and FOF segments. For the first nine months of 2014, the operating revenues amounted to DKK 1,926.0 million (DKK 1,824.4 million).

Operational EBIT was DKK 208.7 million in Q3 2014 (DKK 186.8 million). The improved operational EBIT margin is due to higher margins in the VAP and FOF segments offset by lower margins in the farming segment. For the first nine months of 2014, the operational EBIT was DKK 606.3 million (DKK 461.1 million).

A fair value adjustment of the Group's biological assets has been recognized in Q3 2014 amounting to DKK 60.4 million (DKK -12.7 million). The adjustment is mainly due to higher biomass at the end of Q3 2014, compared to the beginning of the quarter. For the first nine months of 2014, the fair value adjustment is DKK -63.2 million (DKK 21.2 million).

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

Bakkafrost has made reversion of previous made provisions for onerous contracts of DKK 70.9 million (DKK 39.8 million). The reversion is mainly due to lower salmon spot prices. At the end of 2013, the NOS salmon price was NOK 53.08, compared to NOK 32.92 at the end of Q3 2014.

In Q3 2014, there was a profit from associated companies amounting to DKK 0.1 million (DKK 0.4 million). For the first nine months of 2014, the result from associates was DKK 3.1 million (DKK 12.5).

Net interests in Q3 2014 were DKK -14.1 million (DKK 2.8 million). For the first nine months of 2014, net interests were DKK -32.0 million (DKK 18.8 million).

Net taxes in Q3 2014 amounted to DKK -43.9 million (DKK -44.5 million). For the first nine months of 2014, net taxes amounted to DKK -160.4 million (DKK -102.1 million).

For Q3 2014, the result was DKK 211.3 million (DKK 199.6 million), and for the first nine months of 2014, the result was DKK 424.7 million (DKK 451.4 million).

Harvested volumes

	Q3	Q3	YTD	YTD
Harvested volumes (tgv)	2014	2013	2014	2013
Farming North	9,848	6,995	18,043	21,098
Farming West	1,033	4,340	13,319	9,073
Total harvested volumes (tgv)	10,881	11,335	31,362	30,171

Segments

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

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

Distribution of harvested volumes (tgv)	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Harvested volume used in VAP production	39%	37%	48%	44%
Harvested volume sold fresh/frozen	61%	63%	52%	56%
Harvested volumes (tgv)	100%	100%	100%	100%

Of the total harvested volumes in Q3 2014, 39% (37%) went for the production of VAP products, and 61% (63%) were sold as whole gutted salmon. For the first nine months of 2014, 48% (44%) percent went for the VAP production, and 52% (56%) were sold fresh.

Farming:

The operating revenue for Bakkafrost's farming segment was DKK 435.4 million in Q3 2014 (DKK 520.3 million) and DKK 1,469.1 million for the first nine months of 2014 (DKK 1,465.6 million).

Operational EBIT, which is EBIT before fair value adjustments on biological assets, provisions for onerous contracts and income from associates, amounted to DKK 166.9 million in Q3 2014 (DKK 187.5 million), and for the first nine months of 2014, it was DKK 512.6 million (DKK 511.6 million).

Operational EBIT/kg for the farming segment was DKK 15.34 (NOK 17.02) in Q3 2014, compared to DKK 16.54 (NOK 17.59) in Q3 2013. The salmon prices in Q3 2014 have been weaker in average, compared to Q3 2013, and thus lower margins. Operational EBIT/kg for the first nine months of 2014 was DKK 16.34 (NOK 18.15), compared to DKK 16.96 (NOK 17.02) for the first nine months of 2013.

Value Added Products (VAP):

The operating revenue for the value added segment amounted to DKK 155.2 million in Q3 2014 (DKK 147.7 million). For the first nine months of 2014, the revenue was DKK 654.4 million (DKK 463.6 million). The increase in the revenue from Q3 2013 to Q3 2014 is 5%, while the volumes used for VAP products increased by 4%. The reason for the relative low increase in the revenue, compared to the increase in the contract prices and the volumes used for VAP, is a build-up of inventory of finished products, at the end of the quarter.

Operational EBIT amounted to DKK 26.5 million in Q3 2014 (DKK -19.6 million), corresponding to an operational EBIT of DKK 6.10 (NOK 6.77) per kg gutted weight in Q3 2014 (DKK -4.66 (NOK -4.96) per kg gutted weight). The increase in the operational EBIT margins is due to both higher contract prices and a decrease in the raw material prices. The VAP segment acquires its raw material (fresh salmon) at spot prices each week. For the first nine months of 2014, operational EBIT amounted to DKK 37.5 million (DKK -84.6 million), corresponding to an operational EBIT of DKK 2.33 (NOK 2.58) per kg gutted weight (DKK -6.36 (NOK -6.38) per kg gutted weight).

FOF (Fishmeal, Fish Oil and Fish Feed):

The operating revenue for the FOF segment amounted to DKK 287.4 million (DKK 422.3 million) in Q3 2014, of which DKK 200.6 million (DKK 211.5 million) represents sales to Bakkafrost's farming segment corresponding to 69.8% (50.1%). For the first nine months of 2014, the revenue was DKK 745.5 million (DKK 830.5 million), of which DKK 440.3 million (DKK 480.7 million) represents sales to Bakkafrost's farming segment corresponding to 59.1% (57.9%).

Operational EBITDA was DKK 61.7 million (DKK 48.8 million) in Q3 2014, and the operational EBITDA margin was 21.46% (11.55%). The margin reflects the favourable development in raw material prices. Havsbrún sources raw pelagic fish for the fishmeal and fish oil production, which are part of the recipe for the production of salmon feed. In Q2, the raw fish was purchased, while the production and sale of the salmon feed took place in Q3. For the first nine months of 2014, the EBITDA was DKK 140.8 million (DKK 104.4 million), and the margin was 18.88% (12.57%).

Sales of feed amounted to 29,808 tonnes (31,961 tonnes) in Q3 2014, of which the farming segment internally used 23,587 tonnes (23,681 tonnes). For

the first nine months of 2014, the feed sale was 62,591 tonnes (65,063 tonnes). The internal sale was 48,969 tonnes (49,084 tonnes).

In the quarter, Havsbrún received 19,782 tonnes (68,430 tonnes) of raw material for the production of fishmeal and fish oil. The intake in Q3 2013 was extraordinary high due to the dispute regarding mackerel fishing in the North Atlantic. In general, the raw material intake depends on the fishery in the North Atlantic and available species of fish. For the first nine months of 2014, Havsbrún received 171,313 tonnes (142,150 tonnes) of raw material. The increase year to date is due to high intake of blue whiting in Q2 2104.

The production of fishmeal in Q3 2014 was 4,219 tonnes (13,656 tonnes). For the first nine months of 2014, Havsbrún produced 36,158 tonnes (29,423 tonnes) of fishmeal.

The production of fish oil in Q3 2014 was 3,011 tonnes (10,836 tonnes). For the first nine months of 2014, Havsbrún produced 4,671 tonnes (14,377 tonnes) of fish oil. The production of fish oil varies, depending on the species of fish sourced for production. In Q2, the raw material intake of blue whiting was high, but the blue whiting has a low content of fish oil.

Statement of Financial Position

(Figures in parenthesis refer to end 2013)

The Group's total assets as of end Q3 2014 amounted to DKK 3,327.1 million, compared to DKK 3,112.2 million at the end of 2013.

The Group's intangible assets are unchanged, compared to the beginning of the year, and amounted to DKK 294.7 million. Intangible assets comprise primarily the fair value of acquired farming licences. No licences in the North region are recorded with a value in the Bakkafrost accounts.

Property, plant and equipment amounted to DKK 973.3 million at the end of Q3 2014, compared to DKK 916.7 million at the end of 2013. In Q3 2014, Bakkafrost made investments in PP&E amounting to DKK 48.0 million, and for the first nine months of 2014, investments were made for DKK 126.7 million.

Financial assets amounted to DKK 131.8 million at the end of Q3 2014, compared to DKK 115.3 million at the end of 2013. The increase in the financial assets relates mainly to the investment in the new pelagic processing company Pelagos next to Havsbrún in Fuglafjörður, but also to the ownership in Hanstholm Fiskemelsfabrik, that was sold to FF Skagen.

Long-term receivables have increased from DKK 1.5 million to DKK 14.4 million due to a feed financing agreement.

The Group's carrying amount (fair value) of biological assets amounted to DKK 960.3 million at the end of Q3 2014, compared to DKK 965.9 million at the end of 2013. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 233.2 million, compared to DKK 296.4 million at the end of 2013. The decrease is due to lower salmon prices at the end of Q3 2014 compared to end 2013, as the biomass at sea is higher than at the beginning of the year.

The Group's total inventories amounted to DKK 285.8 million as of end Q3 2014, compared to DKK 235.5 million at year-end 2013. The inventory primarily represents Havsbrún's inventory of fishmeal, fish oil and fish feed in addition to feed at the feed stations, finished products, packing materials and other raw materials.

The Group's total receivables amounted to DKK 298.4 million as of end Q3 2014, compared to DKK 400.6 million at the end of 2013. The reason for the decrease is mainly that Bakkafrost has entered into

a factoring agreement for a significant part of its sale.

The Group's equity at the end of Q3 2014 is DKK 1,892.4 million, compared to DKK 1,665.3 million at the end of 2013. The change in equity consists primarily of the positive result for the first nine months of 2014 and the dividend paid out in April.

The Group's total non-current liabilities amounted to DKK 1,088.9 million at the end of Q3 2014, compared to DKK 1,071.0 million at the end of 2013.

Deferred and other taxes payable in 2015 amounted to DKK 451.2 million, compared to DKK 310.9 million at the end of 2013. Because of the increase in the special tax on farming companies and the change from a provisional tax to a permanent tax, the deferred tax has increased by DKK 42.6 million from end 2013 to end Q3 2014.

Long-term debt was DKK 583.4 million at the end of Q3 2014, compared to DKK 685.2 million at the end of 2013. Derivatives amounted to DKK 54.2 million at the end of Q3 2014, compared to DKK 74.9 million at the end of 2013.

Bakkafrost's interests bearing debt consists of two bank loans and a bond loan. The bank loans are an instalment loan of DKK 225 million, payable with DKK 25 million each quarter, and an overdraft facility payable in 2016 with the full amount of DKK 553 million. The bond loan of NOK 500 million has a five-year maturity and is payable 14 February 2018. The interest rate of the bonds is NIBOR 3m + 4.15%. Following the issuance of the bonds, Bakkafrost has entered into a currency/interest rate swap, hedging the exchange rate, and has switched the interest rate from NIBOR 3m to CIBOR 3m. Bakkafrost has entered the swap due to its exposure to DKK, as a large part of the income and costs are in DKK and EUR.

At the end of Q3 2014, the Group's total current liabilities are DKK 345.8 million, compared to DKK 376.0 million at the end of 2013. Short-term interest bearing debt amounts to DKK 100.0 million and relates to a short-term part of long-term debt as described above. Accounts payable amount to DKK 245.8 million, compared to DKK 276.0 million at the beginning of the year. The decrease is primarily due to lower provisions for onerous contracts.

Bakkafrost's equity ratio is 57%, compared to 54% at the end of 2013.

Cash Flow

The cash flow from operations improved significantly in Q3 2014 compared to Q3 2013. The cash flow from operations in Q3 2014 was DKK 280.4 million (DKK 130.6 million). The Cash flow from operations has been positively affected from reduction in working capital as BakkaFrost has entered into a factoring agreement for some of its sale. For the first nine months of 2014, the cash flow from operations was DKK 696.5 million (DKK 330.4 million).

The cash flow from investment activities in Q3 2014 amounted to DKK -47.4 million (DKK -38.4 million). The amount relates mainly to investments in fixed assets. For the first nine months of 2014, the cash flow from investments amounted to DKK -153.1 million (DKK -107.7 million).

Cash flow from financing activities totalled DKK -127.0 million in Q3 2014 (DKK -15.4 million). The interest bearing debt decreased by DKK 91.0 million, and financing of an associated company contributed positively with DKK 28.7 million. For the first nine months of 2014, cash flow from financing amounted to DKK -357.1 million (DKK -83.9 million).

Net change in cash flow in Q3 2014 amounted to DKK 105.6 million (DKK 76.8 million) and for the first nine months of 2014 DKK 186.3 million (DKK 138.8 million).

At the end of Q3 2014, BakkaFrost had unused credit facilities of approximately DKK 921.4 million of which DKK 15.4 million are restricted.

Outlook

MARKET

The expected increase in supply of farmed salmon for 2014 is around 8%, compared with 2013. The reason for the increase is mainly due to higher sea-water temperatures in Norway and higher production in Chile. Norway will increase its production by 4% and Chile by 22%.

The supply increase commenced in Q2 and continued during Q3. In Q4, there is no significant expected increase in the supply compared to the year before. Therefore, the market is expected to be tighter in Q4 than the previous quarters. However, the import ban of Norwegian salmon into Russia may affect the salmon prices negatively on other markets – especially short term. The outlook for 2015 is favourable for the salmon farming industry as only a limited supply growth is expected.

The market place is one of Bakkafrost's most significant risk areas. To reduce the exposure to the market risk, Bakkafrost has a geographical approach and a market price approach. To diversify the geographical market risk, Bakkafrost sells its products to some of the largest salmon markets in the world, US, the Far East, Europe and Russia. The sale to Russia has previously been low, but increased in Q3 due to the favourable market access for Faroese salmon.

FARMING

The outlook for the farming segment is good. The biological situation is good, and the price outlook in the spot market is good.

Bakkafrost's expected harvest is unchanged at 45,000-48,000 tonnes gutted weight in 2014 of which 55% will be sold on the spot market, while 45% is planned to be sold as value added products (VAP). Bakkafrost expects to harvest 49,000-51,000 tonnes gutted weight in 2015.

Faroe Farming, a company in which Bakkafrost holds 49%, expects to harvest around 5,000 tonnes in 2014 and 6,000 tonnes in 2015.

The number of smolts released is one key element of predicting the future production for the Group. Bakkafrost's forecast for the smolt release in 2014 is 10.7 million pieces, down from 11.6 million as estimated previously. The reason is that some smolts planned to be released in December 2014, will be released early 2015 and thus not have any significant financial effect. The smolt release for 2014 shall be compared to the smolts released in

2012, which also was 10.7 million. The same sites are available for smolt release in 2014 as in 2012. The forecast for smolt release for 2015 is 10.4 million, compared to 9.5 million in 2013.

The estimates for harvesting volumes and smolt releases is as always dependent on the biological situation. The biological situation in the Faroe Islands is good, and Bakkafrost will continue to focus on a good biological situation and improve procedures where possible.

Value added products (VAP)

The outlook for the sale of value added products is good. Bakkafrost has signed contracts covering all the VAP capacity for the rest of 2014. This corresponds around 30% of the expected harvested volumes for the rest of 2014. The VAP contracts are at fixed prices, based on the salmon prices at the time they are agreed and the expectations for the salmon spot price for the contract period.

The contracts last for 6 to 12 months. The long-term strategy is to sell around 40-50% of the harvested volumes of salmon as VAP products on fixed price contracts. Selling the products at fixed prices reduces the financial risk with fluctuating salmon prices. The market price for contracted VAP products follows a more stable pattern with trends instead of short-term fluctuations as in the spot market.

FOF (Fish oil, -meal and feed)

The outlook for the production of fish oil and fish-meal has improved as the available raw material for the production of fish oil and -meal has increased.

The quotas for catching blue whiting in the North Atlantic has increased, and the opening of a new pelagic processing plant next to Havsbrún's production facilities improved the possibilities for getting access to offcuts and raw material that cannot be used for human consumption, but for the production of fishmeal and oil.

However, depending on supply, demand and the price level, the sourcing of raw material for the production of fish oil and -meal is very uncertain. An alternative to Havsbrún's production of fish oil and -meal is purchasing these raw materials from other producers, which has been common in recent years. Fish oil and -meal is the most important raw material in the production of a high quality fish feed for the Bakkafrost salmon.

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

It is expected that the total consumption of fish feed in the Faroe Islands will be approximately 90,000-95,000 tons in 2014. Depending on the purchase from external customers in the Faroe Islands and abroad, the sale of fish feed will be approximately 83,000-87,000 tonnes.

Investments

Bakkafrost has announced an investment plan for the period until 2017, latest updated in August 2014. The purpose of the investment plan is to continue to have one of the most costs efficient value chains in the farming industry, carry out organic growth, increase flexibility and reduce the biological risk to meet the future consumers' trends and to be more end-customer orientated.

The total investments for the period 2014-2017 will be DKK 1,370 million including maintenance CAPEX.

Included in the investment plan, is a new Harvest/VAP factory estimated to DKK 450 million, resulting in operational savings of DKK 70-90 million per year from 2017. The plant will be up running in 2016.

A new 3,000 m³ wellboat operated by Bakkafrost is under construction and planned for delivery 25th April 2015. The investment in the wellboat amounts to DKK 230 million.

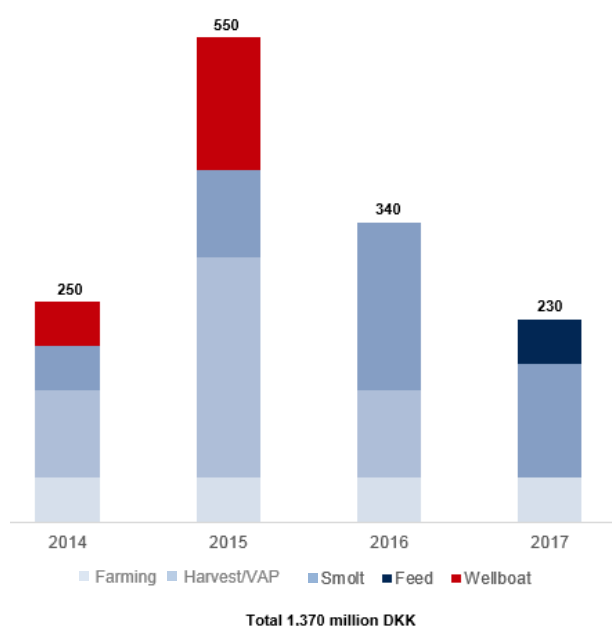
Another part of the plan is to increase the smolt capacity, making Bakkafrost self-supplied with smolt at a size of 200-300g apiece before end 2017. The investment amounts to DKK 420 million. The benefits are shorter production time at sea and reduced biological risk. Due to the shorter time at sea, Bakkafrost can gradually increase the farming production by 10-15%.

In addition to the above-mentioned projects, that are under construction or will start up shortly, Bakkafrost has invested in a new packaging plant and a new hatchery. Maintenance CAPEX is also part of the investment plan.

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

Financial

Improved market balances in the world market for salmon products and costs effective production will likely improve the financial flexibility going forward. A high equity ratio together with the Group's bank financing and the issuance of bonds, makes Bakkafrost's financial situation strong, which enables Bakkafrost to carry out its investment plans to further focus on strengthening the Group, M&A's, organic growth opportunities and fulfil its dividend policy in the future.



Risks

Bakkafrost has not identified any additional risk exposure beyond the risks described in the 2013 Annual and Consolidated Report and Accounts.

The 2013 Annual and Consolidated Report and Accounts is available on request from Bakkafrost and on Bakkafrost's website, www.bakkafrost.com.

Bakkafrost is, as explained in the 2013 Annual and Consolidated Report and Accounts, exposed to the salmon price. An increase in supply is expected during the autumn period, but a more balanced salmon market towards the end of 2014.

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

Events after the Date of the Statement of Financial Position

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

Bakkafrost has entered into some of the contracts of building a new Harvest/VAP factory. The commitments so far amount to DKK 261 million.

Apart from the above, from the date of the statement of financial position until today, no events have occurred which materially influence the information provided by this report.

Glyvrrar, October 28th 2014

The Board of Directors of P/F Bakkafrost

Consolidated Income Statement

For the period ended 30th September 2014

DKK 1,000	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Operating revenue	584,113	741,134	1,926,026	1,824,437
Purchase of goods	-208,172	-277,983	-691,675	-847,491
Change in inventory and biological assets (at cost)	90,834	-37,258	119,185	154,757
Salary and personnel expenses	-59,631	-53,550	-193,279	-168,940
Other operating expenses	-174,286	-163,981	-483,857	-437,792
Depreciation	-24,158	-21,600	-70,083	-63,832
Operational EBIT *	208,700	186,762	606,317	461,139
Fair value adjustments on biological assets	60,427	-12,749	-63,191	21,168
Onerous contracts	0	66,935	70,908	39,777
Income from associates	132	409	3,110	12,543
Earnings before interest and taxes (EBIT)	269,259	241,357	617,144	534,627
Net interest revenue	1,289	1,786	2,578	3,784
Net interest expenses	-7,615	-6,762	-24,123	-20,784
Net currency effects	-6,313	8,665	-6,339	39,106
Other financial expenses	-1,442	-938	-4,162	-3,324
Earnings before taxes (EBT)	255,178	244,108	585,098	553,409
Taxes	-43,904	-44,478	-160,434	-102,057
Profit or loss for the period	211,274	199,630	424,664	451,352
Profit or loss for the year attributable to				
Non-controlling interests	0	0	0	0
Owners of P/F Bakkafrost	211,274	199,630	424,664	451,352
Earnings per share (DKK)	4.36	4.09	8.76	9.24
Diluted earnings per share (DKK)	4.36	4.09	8.76	9.24

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

Consolidated Statement of Comprehensive Income

For the period ended 30th September 2014

DKK 1,000	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Profit for the period	211,274	199,630	424,664	451,352
Fair value adjustment on financial derivatives	20,871	-16,332	19,978	-57,218
Income tax effect	-3,183	1,369	-3,047	8,728
Reserve to share based payment	545	0	545	0
Currency translation differences	557	0	476	0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	18,790	-14,963	17,952	-48,490
Acquisition of treasury shares	0	-26	2,693	-843
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	0	-26	2,693	-843
Other comprehensive income	18,790	-14,989	20,645	-49,333
Total other comprehensive income for the period	230,064	184,641	445,309	402,019
Comprehensive income for the period attributable to				
Non- controlling interests	0	0	0	0
Owner of P/F Bakkafrost	230,064	184,641	445,309	402,019

Consolidated Statement of Financial Position

As at 30 September 2014

	30 Sept 2014	End 2013
DKK 1,000		
ASSETS		
Non-current assets		
Intangible assets	294,675	294,675
Property, plant and equipment	973,341	916,696
Financial assets	131,824	115,304
Long term receivables	14,441	1,504
Total non-current assets	1,414,281	1,328,179
Current assets		
Biological assets (biomass)	960,280	965,896
Inventory	285,768	235,489
Total inventory	1,246,048	1,201,385
Accounts receivable	184,016	278,432
Other receivables	114,373	122,153
Total receivables	298,389	400,585
Cash and cash equivalents	368,385	182,077
Total current assets	1,912,822	1,784,047
TOTAL ASSETS	3,327,103	3,112,226

Consolidated Statement of Financial Position

As at 30 September 2014

	30 Sept 2014	End 2013
DKK 1,000		
EQUITY AND LIABILITIES		
Equity		
Share capital	48,858	48,858
Other equity	1,843,569	1,616,419
Total equity	1,892,427	1,665,277
Non-current liabilities		
Deferred taxes and other taxes	451,185	310,925
Long-term interest bearing debts	583,400	685,151
Financial derivatives	54,243	74,889
Total non-current liabilities	1,088,828	1,070,965
Current liabilities		
Short-term interest bearing debt	100,000	100,000
Accounts payable and other debt	245,848	275,984
Total current liabilities	345,848	375,984
Total liabilities	1,434,676	1,446,949
TOTAL EQUITY AND LIABILITIES	3,327,103	3,112,226

Consolidated Cash Flow Statement

For the period ended 30th September 2014

DKK 1,000	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Earnings before interest and taxes (EBIT)	269,259	241,357	617,144	534,627
Adjustments for write-downs and depreciation	24,158	21,600	70,083	63,832
Adjustments for value adjustments on biomass	-60,427	12,749	63,191	-21,168
Adjustments for income from associates	-132	-409	-3,110	-12,543
Adjustments for currency effects*	-6,309	8,665	-6,335	39,106
Provision for onerous contracts	0	-66,935	-70,908	-39,777
Change in inventory	-88,786	-27,481	-107,857	-167,738
Change in receivables	120,615	-76,021	185,351	-97,606
Change in current debts	22,037	17,072	-51,011	31,668
Cash flow from operations	280,415	130,597	696,548	330,401
Cash flow from investments				
Payments made for purchase of fixed assets	-48,018	-39,060	-126,728	-101,341
Sale/Purchase of shares	0	0	-13,409	-7,253
Change in long-term receivables	594	687	-12,969	909
Cash flow from investments	-47,424	-38,373	-153,106	-107,685
Cash flow from financing				
Change of interest bearing debt (short and long)	-90,985	12,909	-105,124	12,922
Financial income*	1,289	1,786	2,578	3,784
Financial expenses	-9,057	-7,700	-28,285	-24,108
Acquisition of treasury shares	0	0	3,437	0
Financing of associate	-28,660	-22,433	-11,580	21,064
Dividend paid	0	0	-218,160	-97,602
Cash flow from financing	-127,413	-15,438	-357,134	-83,940
Net change in cash and cash equivalents in period	105,578	76,786	186,308	138,776
Cash and cash equivalents – opening balance	262,807	87,035	182,077	25,045
Cash and cash equivalents – closing balance total	368,385	163,821	368,385	163,821

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

Consolidated Statement of Changes in Equity

As at 30 September 2014

DKK 1,000	30 Sept 2014	30 Sept 2013
Total equity 01.01	1,665,277	1,262,911
Profit for the period to equity	424,664	451,352
Fair value adjustment on financial derivatives	19,978	-57,219
Income tax effect	-3,047	8,728
Acquisition treasury shares	2,693	-843
Reserve to share based payment	545	0
Currency translation differences	476	0
Total other comprehensive income	20,645	-49,334
Total recognised income and expense to equity	445,309	402,018
Equity transactions between the Company and its shareholders		
Distribution of dividend	-219,861	-97,602
Dividends on treasury shares	1,701	0
Dividend distribution	-218,160	-97,602
Total change in equity during the period	227,149	304,416
Total equity at the end of the period	1,892,427	1,567,327

Notes to the Account

Accounting Policy

General Information

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

The Annual and Consolidated Report and Accounts of the Group as at 31st December 2013 are available upon request from the company's registered office

at Bakkavegur 9, FO-625 Glyvrrar, Faroe Islands, or at www.bakkafrost.com.

This Condensed Consolidated Interim Report is presented in DKK.

Note 1. Statement of Compliance

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU. It does not include all of the information required for the full Annual and Consolidated Report and

Accounts and should be read in conjunction with the Annual and Consolidated Report and Accounts for the Group as at 31st December 2013.

This interim report has not been subject to any external audit.

Note 2. Significant Accounting Policies

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied in the Annual and

Consolidated Report and Accounts as at and for the year ended 31st December 2013.

Note 3. Estimates and risk exposure

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognized amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets and some financial instruments, which are measured at fair value. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur.

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

On the 9th of February 2014, Bakka Frost announced a suspicion of a possible pathogenic ISA-virus at a Bakka Frost farming site.

The detection of a possible pathogenic ISA-virus was not connected to any increase in mortality, and there was no impact on fish health or fish welfare. Bakka Frost decided to activate the ISA-contingency plan immediately and hence enforced slaughtering of the last cage at the farming site A-80 Selatrað.

The site was empty a few days after the detection.

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

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

The risks and uncertainties described therein are expected to remain.

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

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

Note 4. Biomass

DKK 1,000	End Q3 2014	End 2013
Biological assets carrying amount 01.01	965,895	746,958
Increase due to production or purchases	823,361	1,074,059
Reduction due to harvesting or sale (costs of goods sold)	-745,047	-960,625
Fair value adjustment at the beginning of the period reversed	-296,402	-181,050
Fair value adjustments at the end of the period	233,211	296,402
Reversal of elimination at the beginning of the period	33,738	23,889
Eliminations	-54,476	-33,738
Biological assets carrying amount at the end of the period	960,280	965,895
Cost price biological assets	765,399	689,223
Capitalised interest	16,146	14,008
Fair value adjustments at the end of the period	233,211	296,402
Eliminations	-54,476	-33,738
Biological assets carrying amount	960,280	965,895

Note 5. Segments

Farming segment DKK 1,000	Q3 2014	Q3 2013	YTD 2014	YTD 2013
External revenue	342,142	382,605	966,371	1,010,996
Internal revenue	93,279	137,672	502,740	454,642
Total revenue	435,421	520,277	1,469,111	1,465,638
Operating expenses	-252,657	-319,086	-911,040	-913,710
Depreciation and amortisation	-15,895	-13,688	-45,494	-40,371
Operational EBIT	166,869	187,503	512,577	511,557
Fair value adjustments on biological assets	60,427	-12,749	-63,191	21,168
Income from associates	932	803	-4,310	-780
Earnings before interest and taxes (EBIT)	228,228	175,557	445,076	531,945
Net interest revenue	198	1,769	608	1,949
Net interest expenses	-1,028	-4,002	-3,904	-18,037
Net currency effects	-7,267	9,519	-5,552	40,625
Other financial expenses	-1,383	-852	-3,935	-2,961
Earnings before taxes (EBT)	218,748	181,992	432,293	553,521
Taxes	-30,142	-28,997	-121,090	-92,708
Profit or loss for the period	188,606	152,995	311,203	460,813

Value added products DKK 1,000	Q3 2014	Q3 2013	YTD 2014	YTD 2013
External revenue	155,178	147,705	654,381	463,578
Internal purchase of raw material	-93,279	-137,672	-502,740	-454,642
Operating expenses	-33,437	-27,728	-108,313	-88,256
Depreciation and amortisation	-1,946	-1,867	-5,814	-5,259
Operational EBIT	26,516	-19,562	37,514	-84,579
Provision for onerous contracts	1	66,935	70,909	39,778
Earnings before interest and taxes (EBIT)	26,517	47,373	108,423	-44,801
Net interest revenue	795	0	1,043	615
Net interest expenses	-2	-434	-880	-500
Net currency effects	-3	-5	-3	-20
Other financial expenses	-6	-1	-18	-103
Earnings before taxes (EBT)	27,301	46,932	108,565	-44,809
Taxes	-4,914	-8,448	-19,542	8,066
Profit or loss for the period	22,387	38,484	89,023	-36,743

Fishmeal, Fish Oil and Fish Feed - FOF DKK 1,000	Q3 2014	Q3 2013	YTD 2014	YTD 2013
External revenue	86,793	210,824	305,274	349,863
Internal revenue	200,576	211,454	440,264	480,648
Total revenue	287,369	422,278	745,538	830,511
Purchase of goods	-188,361	-323,520	-471,837	-609,262
Operating expenses	-37,348	-50,002	-132,926	-116,835
Depreciation and amortisation	-6,317	-6,045	-18,775	-18,202
Operational EBIT	55,343	42,711	122,000	86,212
Income from associates	-800	-394	7,420	13,323
Earnings before interest and taxes (EBIT)	54,543	42,317	129,420	99,535
Net interest revenue	296	17	927	1,220
Net interest expenses	-6,585	-2,326	-19,339	-2,247
Net currency effects	957	-849	-784	-1,499
Other financial expenses	-53	-85	-209	-260
Earnings before taxes (EBT)	49,158	39,074	110,015	96,749
Taxes	-8,848	-7,033	-19,802	-17,415
Profit or loss for the period	40,310	32,041	90,213	79,334

Reconciliation of reportable segments to Group earnings before taxes (EBT) DKK 1,000	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Farming	218,748	181,992	432,293	553,521
VAP (Value added products)	27,301	46,932	108,565	-44,809
FOF (Fishmeal, Fish Oil and Fish Feed)	49,158	39,074	110,015	96,749
Eliminations	-40,028	-23,890	-65,774	-52,051
Group earnings before taxes (EBT)	255,178	244,108	585,098	553,409

Assets and liabilities per segment DKK 1,000	30 Sept 2014	End 2013
Farming	3,129,938	2,985,373
VAP (Value added products)	138,556	67,098
FOF (Fishmeal, Fish Oil and Fish Feed)	746,836	671,732
Eliminations	-688,226	-611,977
Total assets	3,327,104	3,112,226
Farming	-731,376	-993,941
VAP (Value added products)	-15,220	-36,211
FOF (Fishmeal, Fish Oil and Fish Feed)	-544,068	-511,529
Eliminations	-144,012	94,732
Total liabilities	-1,434,676	-1,446,949

Note 6. Harvest and Feed Sale

Distribution of harvested volumes (tgv)	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Harvested volume used in VAP production	4,250	4,196	15,197	13,300
Harvested volume sold fresh/frozen	6,631	7,139	16,165	16,871
Harvested and purchased volume (tgv)	10,881	11,335	31,362	30,171

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Harvested volumes (tgv)				
Farming North	9,848	6,995	18,043	21,098
Farming West	1,033	4,340	13,319	9,073
Total harvested volumes (tgv)	10,881	11,335	31,362	30,171

Distribution of harvested volumes (tgv)	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Harvested volume used in VAP production	39%	37%	48%	44%
Harvested volume sold fresh/frozen	61%	63%	52%	56%
Harvested and purchased volumes (tgv)	100%	100%	100%	100%

Feed sold volume (tonnes)	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Internal sale	23,587	23,681	48,969	49,084
External sale	6,221	8,280	13,622	15,979
Sold tonnes feed	29,808	31,961	62,591	65,063

Note 8. Capital commitments

The Group had capital expenditure committed but not provided in these accounts at the date of the Statement of Financial Position of approximately

DKK 222.5 million, of which DKK 171.6 million is related to the building of a new wellboat, which will be operated by Bakkafrost.

Note 9. Transactions with related parties

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

Faroe Farming, an associated company of Bakkafrost, purchased for DKK 36.9 million from Bakkafrost in Q3 2014 and DKK 58.3 million for the first nine months of 2014. Bakkafrost purchased raw material amounting to DKK 20.7 million from Faroe Farming in Q3 2014 and DKK 107.7 million for the first nine months of 2014. At the end of Q3 2014,

Faroe Farming owed DKK 81.4 million to the Bakkafrost Group.

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

Note 10. Fair value measurements

All assets/liabilities, for which fair value is recognised or disclosed, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For assets/liabilities that are recognized at fair value on a recurring basis, the Group determines whether

transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During Q3 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Compared to the table for Assets and Liabilities measured at fair value at end of Q2 2014, intangible assets and long-term interest bearing debt are taken out of the table, as they are not measured at fair value at recurring basis.

As at 30 September 2014, the Group held the following classes of assets/liabilities measured at fair value:

Assets and Liabilities measured at fair value	30 Sept	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets	364	364	0	0
Biological assets (biomass)	960,280	0	960,280	0

Contacts

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