

P/f Bakkafrost

Condensed Consolidated

Interim Report for

Q4 2011 and 2011

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Highlights

DKK 1,000	Q4 2011	Q4 2010	2011	2010
Group – Operating revenue	397,193	252,533	1,321,092	820,212
Operational EBIT*/kg (Farming and VAP) (DKK)	3.68	13.92	9.19	11.41
Operational EBIT*/kg (Farming and VAP) (NOK)	3.83	15.03	9.59	12.27
Group – EBIT	133,375	132,455	400,698	315,580
Group – Net interest	-23,434	-1,858	-30,502	-8,321
Group – Profit for the period	85,645	114,849	323,417	259,711
Farming – Operating revenue	248,728	236,214	982,157	771,747
Farming – Operational EBIT*	8,842	91,491	246,080	286,577
Farming – Operational EBIT margin	4%	39%	25%	37%
Farming – Operational EBIT/kg (DKK)	0.77	14.09	7.16	13.25
Farming – Operational EBIT/kg (NOK)	0.80	15.22	7.48	14.24
VAP – Operating revenue	126,980	119,528	507,241	473,142
VAP – Operational EBIT*	33,615	-1,137	69,503	-39,788
VAP – Operational EBIT margin	26%	-1%	14%	-8%
VAP – Operational EBIT/kg (DKK)	8.99	-0.36	5.46	-3.08
VAP – Operational EBIT/kg (NOK)	9.35	-0.39	5.71	-3.31
Fish meal, oil and feed – Operating revenue	232,139	-	508,717	-
Fish meal, oil and feed – EBITDA	28,850	-	68,660	-
Fish meal, oil and feed – EBITDA margin	12.43%	-	13.50%	-
DKK/NOK (average)	96.14	92.56	95.75	93.03
Basic earnings per share (DKK)	1.80	2.35	6.66	5.41
Cash flow from operations	86,655	44,122	409,901	195,043
Total Assets	2,301,774	1,184,656	2,301,774	1,184,656
Net interest bearing debt	816,825	70,190	816,825	70,190
Equity ratio	46%	76%	46%	76%
Harvested volume (tonnes gutted weight)	11,538	6,493	34,355	21,626
VAP produced volume (tonnes gutted weight)	3,739	3,161	12,720	12,903
Sold feed tonnes	23,612	-	54,016	-

* Aligned for fair value adjustment of biomass, onerous contracts provisions and acquisition costs.

Summary of the Fourth Quarter 2011 and 2011

Bakkafrost's VAP segment had a strong quarter, while the farming division was challenged by the low spot prices for whole fresh salmon. Bakkafrost's third segment, the production and sale of fish meal, oil and feed had a satisfying result. Bakkafrost made an operational EBIT of DKK 46.0 million in Q4 2011. Under the challenging market conditions in Q4 2011, the Group's diversified strategy, with sale of VAP products on contracts, proved to be strong.

The farming segment made an operational EBIT of DKK 8.8 million, corresponding to an EBIT/kg of DKK 0.77 (NOK 0.80). The result per kg was negatively impacted by the low salmon prices during the quarter and especially in October, when the prices were at the lowest. The table below shows the EBIT/kg for the different companies in the Group.

Q4 2011	Farming	Bakkafrost	Viking	Faroe
Operational EBIT/kg harvested	Segment	Farming	Seafood	Farming
DKK	0.77	0.67	2.48	-0.54
NOK	0.80	0.70	2.68	-0.58

The VAP segment made an operational EBIT of DKK 33.6 million, which is on the same level as in Q3 2011. The result for Q4 2011 corresponds to an EBIT/kg of DKK 8.99 (NOK 9.35). The third segment – fish meal, oil and feed – made an EBITDA of DKK 28.9 million before eliminations of internal margins.

In accordance with the Group's dividend policy, 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. Bakkafrost's financial position is strong, with a healthy balance sheet, a competitive operation and undrawn available credit facilities. The Board of Directors has therefore decided to propose to the Annual General Meeting that DKK 1.00 (NOK 1.01*) per share shall be paid out as dividend. This corresponds to approximately DKK 48.9 million (NOK 49.3* million).

For 2011, operational EBIT was DKK 335.1 million, of which farming has an operational EBIT of DKK 246.1 million, VAP DKK 69.5 million and fish meal, oil and feed DKK 58.2 million. Internal margins are included in the EBIT for fish meal, oil and feed.

The total harvested volume in Q4 2011 was 11,538 tonnes gutted weight (6,493 tonnes gutted weight in Q4 2010). For 2011, total harvest, including the harvest of Viking and Faroe Farming in H1, 2011 was 36,343 tonnes gutted weight.

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

Segment performance per kg:

Operational EBIT/kg harvested	Q4		Q4	
	2011	2010	2011	2010
Farming EBIT/kg (DKK)	0.77	14.09	7.16	13.25
Farming EBIT/kg (NOK)	0.80	15.22	7.48	14.24
VAP EBIT/kg (DKK)	8.99	-0.36	5.46	-3.08
VAP EBIT/kg (NOK)	9.35	-0.39	5.71	-3.31
Feed EBITDA/kg (DKK)	1.22	-	1.27	-
Feed EBITDA/kg (NOK)	1.27	-	1.33	-

Bakkafrost transferred approximately 2.1 million smolts in Q4 2011 and 8.6 million in 2011. Approximately 1 million pieces that originally were planned to be released in December 2011 were released in January 2012.

The Group had a net interest bearing debt at the end of 2011 amounting to DKK 816.8 million (DKK 70.2 million at year-end 2010). The company has increased the debt to fund the acquisition of the fish meal, oil and feed producer Havsbrún. Bakkafrost had undrawn credit facilities of DKK 283.2 million at the end of 2011, following the new loan agreement with Bakkafrost's bank syndicate.

In Q4 2011, Bakkafrost accounted for 75% of the 15,363 tonnes gutted weight of the total exported volume of farmed fish from the Faroe Islands. For 2011, Bakkafrost accounted for 73% of the 49,588 tonnes gutted weight of the total exported volume of farmed fish from the Faroe Islands.

On 1 July 2011, Bakkafrost purchased all the outstanding shares in P/f Havsbrún, including the farming companies Viking Seafood (78%) and Faroe Farming (78%). P/f Havsbrún, a modern internationally renowned producer of fish meal, fish oil and fish feed, is situated in the Faroe Islands. The purchase price agreed was DKK 1,100 million, based on, among other things, the value of a share position held by Havsbrún in Bakkafrost. The payment was made as a combination of existing shares in Bakkafrost, which Havsbrún owned, and cash. At the same time, Bakkafrost also acquired all the minorities' shares in the farming company Viking Seafood, which now is a fully owned subsidiary. Regulations limit the number of licences controlled by one company to 50% of the total licences. With the purchase of Havsbrún, Bakkafrost has 2 licences above the 50% limit. Bakkafrost has received a grace period to fulfil the legal requirement.

Following the acquisition of P/f Havsbrún, Bakkafrost signed a new loan agreement with its bank syndicate. The loan agreement includes two loans: one instalment loan of DKK 500 million payable with DKK 25 million each quarter and one loan payable after five years with the full amount of DKK 600 million. The Group's total financing is DKK 1,100 million. The covenant stipulates that the equity ratio of the Group must be at least 35%, increasing to 37.5% from the end of 2012 and 40% from the end of 2013. Furthermore, the NIBD/EBITDA ratio must not be higher than 3.5 during a 12-month period.

Smolt Transfer

Bakkafrost Group	2008	2009	2010	2011	2012E
1,000 pieces					
Farming North, <i>salmon</i>	3,200	4,000	4,100	5,000	4,500
Farming West, <i>trout</i>	700	300	0	0	0
Farming West, <i>salmon</i>	1,400	2,100	4,100	2,600	5,000
Viking/Faroe Farming	-	1,700	2,800	1,000	2,100*
Total	5,300	8,100	11,000	8,600	11,600

*1,000 million pieces relates to Faroe Farming

Financial Review

Income Statement

The operating revenues amounted to DKK 397.2 million in Q4 2011 (DKK 252.5 million in Q4 2010). For 2011, the operating revenue amounted to DKK 1,321.1 million (DKK 820.2 million for 2010). The reason for the increase in the revenue quarter-on-quarter is higher harvested volumes, to a lower price, and the acquisition of the Havsbrún Group.

Bakkafrost harvested the following:

Harvested volumes (gwt)	Q4	Q4	Pro forma		
	2011	2010	2011	2010	2011
Farming North	4,168	2,979	21,052	13,834	21,052
Farming West	4,031	3,514	6,160	7,792	6,160
Faroe Farming	1,633	-	3,717	-	4,890
Viking	1,706	-	3,426	-	4,241
Total harvested volumes (gwt)	11,538	6,493	34,355	21,626	36,343

Operational EBIT was DKK 45.9 million in Q4 2011 (DKK 90.4 million in Q4 2010). Operational EBIT for 2011 came to DKK 335.1 million (DKK 246.8 million for 2010).

A fair value adjustment of the Group's biological assets has been recognised in Q4 2011, amounting to DKK 86.0 million (DKK 43.6 million in Q4 2010). For 2011, there is a reversal of fair value adjustments of DKK 45.9 million (an increase of DKK 83.9 million in 2010). Bakkafrost has, effective from Q4 2011, amended its calculation model for estimating fair value of biomass, see note 2 for further details. The effect from the updated fair value estimate amounted to an additional income of DKK 53.3 million, which is included in the fair value adjustment in Q4 2011.

In Q3 2011, Bakkafrost recognised a goodwill following the acquisition of the Havsbrún Group, amounting to DKK 124.6 million. In Q4, this has been adjusted to a total of DKK 126.6 million. The goodwill is calculated as the difference between the amount paid by the Group and the value of net assets purchased. The cost associated with the same transaction of DKK 16.0 million has been expensed in 2011.

Net interest in Q4 2011 amounted to DKK -23.4 million (DKK -1.9 million in Q4 2010). For 2011, net interest was DKK -30.5 million, compared to DKK -8.3 million for 2010. The net interest costs in Q4 are affected by one-off costs amounting to DKK 5 million related to termination of interest rate swaps and refinancing of previously held loans in the Havsbrún Group and DKK 5.4 million related to an adjustment to the interest costs for Q3 2011.

Taxes amounted to DKK -24.3 million in Q4 2011 (DKK -15.7 million in Q4 2010) and DKK -46.8 million for 2011 (DKK -47.5 million for 2010).

The result for Q4 2011 was DKK 85.6 million (DKK 114.8 million in Q4 2010). The result for 2011 was DKK 323.4 million, compared to DKK 259.7 million for 2010.

The number of fish in cages is 32% higher at the end of Q4 2011 than at the same time last year, mainly due to the acquisition of Viking and Faroe Farming. The average size of the fish is 42% higher. This enables Bakkafrost to increase production and utilise its farming capacity better going forward.

Bakkafrost has, effective from Q4 2011, amended its calculation model for estimating fair value of biomass, see note 2 for further details. The effect from the updated fair value estimate amounted to an

additional write-up of DKK 53.3 million, which is included in the fair value adjustment in Q4 2011. The booked value also includes the biomass of Viking Seafood and Faroe Farming, both of which were part of the Havsbrún acquisition.

Segments

Following the acquisition of Havsbrún, Bakkafrost has three operating segments: one farming segment, one segment for value added products (VAP) and one segment for the fish meal, fish oil, and fish feed production. Fresh/frozen salmon is sold on the spot market, while VAP products are sold on long-term contracts.

Distribution of harvested volume (gwt)	Q4	Q4	Proforma		
	2011	2010	2011	2010	2011
Harvested volume used in VAP production	32%	49%	37%	60%	35%
Harvested volume sold fresh/frozen	68%	51%	63%	40%	65%
Harvested and purchased volume (gwt)	100%	100%	100%	100%	100%

The raw material split between sold whole gutted and VAP was 68% whole gutted and 32% VAP products in Q4 2011. The reason for the lower percentage used in VAP production in Q4 2011 compared to Q4 2010 is the increase in volumes in the period compared to Q4 2010. Bakkafrost aims to produce around 40% of the harvested volume as VAP products.

Farming:

The operating revenue for Bakkafrost's farming segment was DKK 248.7 million in Q4 2011 (DKK 236.2 million in Q4 2010). For 2011, the revenue was DKK 982.2 million (DKK 771.7 million for 2010). Included in the gross operating revenue is internal sale between the farming segment and the VAP segment.

Operational EBIT, which is EBIT before fair value adjustments on biological assets and badwill, etc. amounted to DKK 8.8 million in Q4 2011 (DKK 91.4 million in Q4 2010). For 2011, operational EBIT was DKK 246.1 million (DKK 286.6 million for 2010).

Operational EBIT/kg for the farming segment was DKK 0.77 (NOK 0.80) in Q4 2011, compared to DKK 14.09 (NOK 15.22) in Q4 2010. Most of the difference is related to the decrease in the salmon price. Operational EBIT/kg for the farming segment was DKK 7.16 (NOK 7.48) for 2011, compared to DKK 13.25 (NOK 14.24) for 2010.

The result after tax for the farming segment for Q4 2011 was DKK 65.1 million (DKK 118.0 million in Q4 2010). For 2011, the result after tax was DKK 264.7 million (DKK 298.3 million for 2010).

Value Added Products (VAP):

The operating revenue for the value added segment amounted to DKK 127.0 million in Q4 2011 (DKK 119.5 million in Q4 2010). For 2011, the operating revenue was DKK 507.2 million (DKK 473.1 million for 2010).

Operational EBIT, which is EBIT adjusted for provision for onerous contracts, amounted to DKK 33.6 million in Q4 2011 (DKK -1.1 million in Q4 2010). This corresponds to an operational EBIT of DKK 8.99 (NOK 9.35) per kg gutted weight in Q4 2011 (Q4 2010: DKK -0.36 (NOK -0.39) per kg gutted weight). For 2011, the operational EBIT was DKK 69.5 million (DKK -39.8 million for 2010), which corresponds to an operational EBIT/kg of DKK 5.46 (NOK 5.71), compared to DKK -3.08 (NOK -3.31) for 2010. Following the peak in the salmon prices in H1 2011, the prices for fresh salmon have decreased significantly. This has impacted the VAP segment positively, as it purchases its raw material based on the prices on the spot market. But during Q4 2011, the contract prices have decreased, reflecting the decrease in the spot prices. This will, on the other hand, stimulate demand for the VAP products.

Fish Meal, Fish Oil and Fish Feed:

From Q3 2011, Bakkafrost started to report the fish meal, fish oil and fish feed segment in the Bakkafrost consolidated accounts, as the Havsbrún Group was acquired effective from 1 July 2011.

The operating revenue for the fish meal, fish oil and fish feed segment amounted to DKK 232.1 million in Q4 2011. For the period 1 July to year-end 2011, the operating revenue amounted to DKK 508.7 million. The operating revenue also includes internal sales of feed to Bakkafrost's farming segment.

EBITDA was DKK 28.9 million in Q4 2011, and the EBITDA margin was 12.4%. For the period 1 July to year-end 2011, EBITDA came to DKK 68.7 million, and the EBITDA margin was 13.5%.

The sale of feed amounted to 23,612 tonnes in Q4 2011. In 2011, Havsbrún has sold 84,431 tonnes of fish feed. Of this, internal purchase was 63,657 tonnes, corresponding to 75.4%. For the period from 1 July to year-end 2011, Havsbrún sold 54,016 tonnes of fish feed.

The result after tax for Q4 2011 was DKK 11.7 million and for the period 1 July to year-end 2011 was DKK 39.7 million.

Statement of Financial Position

The Group's total assets as of 31 December 2011 amounted to DKK 2,301.8 million, compared to DKK 1,184.7 million at the end of 2010. The reason for the increase in the total assets relates to the acquisition of the Havsbrún Group.

The Group's intangible assets amount to DKK 370.0 million and comprise primarily the fair value of farming licences. The increase since 1 January 2011 amounts to DKK 233.7 million and represents the value of the licences acquired in connection with the acquisition of the Havsbrún Group.

Property, plant and equipment have increased from DKK 356.4 million at 1 January 2011 to DKK 828.5 million at the end of 2011. The increase represents primarily the acquisition of Havsbrún, but also includes investments of DKK 103.9 million.

The Group's book value (fair value) of biological assets (fish in the sea) amounted to DKK 700.3 million at the end of 2011, compared to DKK 482.1 million at the end of 2010. Included in the booked value of the biological assets is a fair value adjustment amounting to DKK 86.0 million, compared to DKK 130.8 million at the end of 2010. Bakkafrost has, effective from Q4 2011, amended its calculation model for estimating fair value of biomass, see note 2 for further details. The effect from the updated fair value estimate amounted to an additional write-up of DKK 53.3 million, which is included in the fair value adjustment in Q4 2011. The booked value also includes the biomass of Viking Seafood and Faroe Farming, both of which were part of the Havsbrún acquisition.

The Group's total inventories amounted to DKK 179.2 million as of 31 December 2011, compared to DKK 28.5 million as of year-end 2010. The increase primarily represents Havsbrún's inventory of fish meal, fish oil and fish feed.

The Group's total receivables amounted to DKK 171.1 million as of 31 December 2011, compared to DKK 145.5 million at the end of 2010. The increase is mainly due to the inclusion of Havsbrún's receivables.

The Group's equity at 31 December 2011 is DKK 1,061.0 million, compared to DKK 902.3 million at the end of 2010. The increase in 2011 consists primarily of the result for the year, including goodwill recognised in connection with the acquisition of Havsbrún. On the other hand, Bakkafrost paid out DKK 191.0 million in dividend to its shareholders in April 2011.

The Group's total non-current liabilities amounted to DKK 989.7 million at the end of 2011, compared to DKK 157.4 million at the end of 2010. Deferred taxes amounted to DKK 256.0 million, compared to DKK 120.0 million at the end of 2010. Long-term debt increased from DKK 37.4 million at the end of 2010 to DKK 733.7 million at the end of 2011. The increase relates to the acquisition of Havsbrún, which took place on 1 July 2011. To partly fund the acquisition of the Havsbrún Group and to replace all the existing debt in the new Group, Bakkafrost entered into two new loans: one instalment loan of DKK 500 million, payable with DKK 25 million each quarter, and one loan payable after five years with the full amount of DKK 600 million.

The Group's total current liabilities are DKK 251.0 million at the end of 2011, compared to DKK 125.0 million at the end of 2010. 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 151.0 million and has increased from DKK 83.0 million at the beginning of the year

Bakkafrost had an equity ratio of 46% as of year-end 2011, compared to 76% at the end of 2010. The equity ratio has decreased following the acquisition of Havsbrún. It is still Bakkafrost's goal to have a healthy financial position to enable the Group to follow a strategy of pursuing further growth and profitability. The Board of Directors will continue to place great emphasis on this going forward.

Cash Flow

The total cash flow from operations in Q4 2011 was DKK 86.7 million (DKK 44.1 million in Q4 2010). For 2011, it was DKK 409.9 million, compared to DKK 195.0 million for 2010.

The cash flow from investment activities in Q4 2011 amounted to DKK -27.3 million (DKK -21.5 million in Q4 2010). Payments for purchase of fixed assets in Q4 2011 amounted to DKK -27.8 million and include investments made by both Bakkafrost and the Havsbrún Group.

For 2011, the net cash flow from investments activities amounted to DKK -723.7 million (DKK -71.7 million for 2010). Cash outflows consisted of DKK 98.0 million for fixed assets and DKK 976.8 million for the acquisition of Havsbrún. Cash inflow of DKK 349.5 million came from the sale of shares in Bakkafrost that were held by Havsbrún.

Cash flow from financing activities totalled DKK -88.8 million in Q4 2011 (DKK -32.1 million in Q4 2010). For 2011, cash flow from financing amounted to DKK 321.6 million (DKK -149.9 million for 2010) and includes both the financing of the Havsbrún acquisition and the payout of dividend amounting to DKK 191.0 million, which took place in April 2011.

Net cash flow in Q4 2011 amounted to DKK -29.5 million (DKK -9.5 million Q4 2010). For 2011, net cash flow was DKK 7.7 million (DKK -26.6 million for 2010).

At the end of 2011, Bakkafrost had unused credit facilities of DKK 283.2 million.

Outlook

The salmon prices decreased during Q2 and Q3 2011 and stayed relatively low for the rest of 2011. Lately, it seems like the salmon price has stabilised in the range of NOK 23–25/kg. As a low-cost producer, a salmon price in the upper end of this range is sufficient for Bakkafrost. The reduction in the salmon price will have a positive impact on volumes sold when the decreased prices reaches the end users.

With Bakkafrost's combined market strategy as a farming company and a processor with VAP products sold on long-term contracts prices, Bakkafrost is less vulnerable in times of fluctuating salmon prices. The farming segment is highly negatively affected by the price drop, while the VAP segment, on the other hand, is better off with lower salmon prices.

To adjust, utilise and optimise the capacity in the Bakkafrost value chain, Bakkafrost plans to make an investment of around DKK 115 million in 2012. The Group's replacements costs are around DKK 90 million each year. Thus, the investments are about DKK 25 million above the Group's yearly depreciations.

The integration of the Havsbrún Group's activities is on track.

Bakkafrost – Salmon Farming and VAP

Bakkafrost expects to harvest between 48,000 to 50,000 tonnes gutted weight in 2012, compared to 36,343 tonnes gutted weight in 2011.

Bakkafrost expects to transfer 11.6 million smolts in 2012.

Bakkafrost's VAP division has contracted VAP products corresponding to around 10,000 gwt of salmon for 2012. This is around the same level as one year ago.

The Group's VAP capacity will increase in 2012. In addition to the factory in Glyvrrar, Bakkafrost opened a factory in Fuglafjörður in January 2012. The opening of the factory in Fuglafjörður has increased Bakkafrost's VAP capacity by 15–25%.

Havsbrún – Fish Meal, Oil and Feed

The purchase of the Havsbrún Group is expected to bring significant opportunities to Bakkafrost in the future. Increased utilisation of the feed capacity in the years to come is a focus area. Havsbrún feed sales have increased by 43% in 2011 compared to 2010. The raw material situation is expected to be volatile in the future as well; however, quotas have increased, and this should improve Havsbrún's possibilities to source raw material to its own production of fish meal and oil. Havsbrún expects to sell around 85,000 tonnes of fish feed in 2012.

Risks

Bakkafrost has not identified any additional risk exposure beyond the risks described in the 2010 Annual Report and the information memorandum announced to Oslo Børs on 9 May 2011, which describes the risks related to the Havsbrún Group. The information memorandum as well as the Group Financial statement is available on request from Bakkafrost and on Bakkafrost's website, www.bakkafrost.com.

Post- Balance Sheet Events

From the date of the statement of financial position until today, no events have occurred which materially impact the information provided by this report.

Glyvrrar, 28 February 2012

The Board of Directors of P/f Bakkafrost

Rúni M. Hansen
Chairman of the Board

Johannes Jensen
Vice-Chairman of the Board

Trine Sæther Romuld

Virgar Dahl

Annika Frederiksberg

Odd Eliassen

Regin Jacobsen
CEO

Consolidated Profit and Loss Account

For the period ended 31 December 2011

DKK 1,000	Q4 2011	Q4 2010	2011	2010
Operating revenue	397,193	252,533	1,321,092	820,212
Purchase of goods	-104,449	-95,067	-450,815	-301,446
Change in inventory and biological assets (at cost)	-61,185	27,781	19,796	75,501
Salary and personnel expenses	-59,246	-30,533	-168,144	-118,409
Other operating expenses	-103,466	-53,220	-319,458	-186,813
Depreciation	-22,901	-11,142	-67,325	-42,257
Operational EBIT	45,946	90,352	335,146	246,788
Fair value adjustments on biological assets	86,037	43,558	-45,882	83,926
Impairment of biological assets	656	0	0	0
Onerous contracts	0	-1,960	2,856	-2,856
Income from associates	-212	512	-2,021	512
Listing costs	0	-7	0	-12,790
Acquisition costs	-1,035	0	-16,019	0
Badwill related to the acquisition of the Havsbrún Group	1,983	0	126,618	0
Earnings before interest and taxes (EBIT)	133,375	132,455	400,698	315,580
Financial income	114	220	2,835	1,051
Net interest expenses	-22,993	-1,727	-30,830	-8,180
Net currency effects	511	334	-609	819
Other financial expenses	-1,066	-684	-1,898	-2,011
Earnings before taxes (EBT)	109,941	130,598	370,196	307,259
Taxes	-24,296	-15,749	-46,779	-47,548
Profit or loss for the period	85,645	114,849	323,417	259,711
Profit or loss for the year attributable to				
Non-controlling interests	-2,183	0	-1,971	0
Owners of P/f Bakkafrost	87,828	114,849	325,388	259,711
Earnings per share (DKK)	1.80	2.35	6.66	5.41
Diluted earnings per share (DKK)	1.80	2.35	6.66	5.41

Statement of Comprehensive Income

For the period ended 31 December 2011

DKK 1,000	Q4 2011	Q4 2010	2011	2010
Profit for the period	85,645	114,849	323,417	259,711
Adjustment 01.01	0	0	0	1,371
Fair value adjustment on interest rate swap	1,589	0	1,589	0
Fair value adjustment on securities available for sale	-12,831	5,830	-12,831	5,830
Tax on fair value adjustment	3,024	-1,594	3,024	-1,594
Total comprehensive income for the period	77,427	119,085	315,199	265,318

Consolidated Statement of Financial Position

As of 31 December 2011

DKK 1,000	2011	2010
ASSETS		
Non-current assets		
Intangible assets	369,955	136,245
Property, plant and equipment	828,523	356,419
Financial assets	35,855	25,967
Long-term receivables	0	796
Total non-current assets	1,234,333	519,427
Current assets		
Biological assets (biomass)	700,336	482,091
Inventory	179,179	28,501
Total inventory	879,515	510,592
Accounts receivable	154,496	125,619
Other receivables	16,562	19,890
Total receivables	171,058	145,509
Cash and cash equivalents	16,868	9,128
Total current assets	1,067,441	665,229
TOTAL ASSETS	2,301,774	1,184,656

Consolidated Statement of Financial Position

As of 31 December 2011

DKK 1,000	2011	2010
EQUITY AND LIABILITIES		
Equity		
Share capital	48,858	48,858
Other equity	977,596	853,431
Non-controlling interests	34,557	0
Total equity	1,061,011	902,289
Non-current liabilities		
Deferred taxes and other taxes	256,023	120,009
Long-term interest bearing debts	733,693	37,357
Total non-current liabilities	989,716	157,366
Current liabilities		
Short-term interest bearing debt	100,000	41,961
Accounts payable and other debt	151,047	83,039
Total current liabilities	251,047	125,000
Total liabilities	1,240,763	282,367
TOTAL EQUITY AND LIABILITIES	2,301,774	1,184,656

Consolidated Cash Flow Statement

For the period ended 31 December 2011

DKK 1,000	Q4 2011	Q4 2010	2011	2010
Earnings before interest and taxes (EBIT)	133,375	132,456	400,698	315,580
Adjustments for write-downs and depreciation	22,901	11,142	67,325	42,257
Adjustments for value adjustments on biomass	-86,037	-43,558	45,882	-83,926
Adjustments for impairment on biological assets (at cost)	-656	0	0	0
Adjustments for income from associates	212	0	2,021	0
Adjustments for badwill	-1,983	0	-126,618	0
Taxes paid	-32,490	0	-32,490	0
Provision for onerous contracts	0	-3,752	-2,856	2,856
Change in inventory	66,259	-27,548	24,455	-71,888
Change in receivables	88,518	-24,692	32,081	-13,370
Change in current debts	-103,444	74	-596	3,534
Cash flow from operations	86,655	44,122	409,901	195,043
Cash flow from investments				
Acquisition of businesses	0	0	-976,770	0
Proceeds from sale of fixed assets	554	0	1,436	300
Proceeds from sale of financial assets	0	0	349,530	0
Payments made for purchase of fixed assets	-27,842	-17,623	-98,009	-67,868
Purchase of shares and other investments	-700	-3,803	-700	-3,807
Change in long-term receivables	641	-93	796	-318
Cash flow from investments	-27,347	-21,519	-723,718	-71,693
Cash flow from financing				
Change of interest bearing debt (short and long)	-65,394	-30,346	543,094	-207,334
Proceeds from share capital increases	0	83	0	67,727
Received interest	114	552	2,835	1,869
Net proceeds from sale of own shares	0	0	0	15,669
Paid interest	-23,548	-2,411	-33,337	-10,191
Dividend paid	0	0	-191,035	-17,643
Cash flow from financing	-88,828	-32,122	321,557	-149,903
Net change in cash and cash equivalents in period	-29,521	-9,519	7,740	-26,553
Cash and cash equivalents – opening balance	46,389	18,648	9,128	35,680
Cash and cash equivalents – closing balance total	16,868	9,128	16,868	9,128

Consolidated Changes in Equity

As of 31 December 2011

DKK 1,000	2011	2010
Total equity 01.01	902,289	388,887
Profit for the period to equity	323,417	259,711
Adjustment to 01.01	0	1,371
Fair value adjustment on interest rate swap	1,589	0
Reversal of fair value adjustment on securities available for sale	-12,831	5,830
Reversal of deferred tax on securities available for sale	3,024	-1,594
Total other comprehensive income	-8,218	4,236
Proposed dividend	-48,858	-191,035
Total proposed dividend	-48,858	-191,035
Total recognised income and expense to equity	266,341	74,283
Equity transactions between the company and its shareholders		
Share issue related to IPO	0	75,000
Sale of treasury shares related to IPO	0	15,669
Tax on sale of treasury shares	0	-2,820
Costs related to IPO	0	-7,273
Net proceeds from share capital increases	0	80,576
Equity increase by merger		
Proceeds from merger	0	209,039
Deferred tax on recognised excess fair values	0	-23,888
Equity increase by merger	0	185,151
Distribution of dividend	-191,035	-18,000
Dividends on treasury shares	0	357
Proposed dividend	48,858	191,035
Total equity to shareholders during the year	-142,177	-173,392
Total change in equity during the period	124,164	513,402
Non-controlling interests acquired in the period	36,528	0
Result for the period	-1,971	0
Non-controlling interests at the end of the period	34,557	
Total equity at the end of the period	1,061,010	902,289

Notes to the Account

Accounting Policy

General Information

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

The Annual and Consolidated Report and Accounts of the Group as at and for the year ended 31 December 2010 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 and for the year ended 31 December 2010.

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 31 December 2010.

During the second half of 2011, the largest salmon farming companies in Norway, with support from audit firms, formed an industry working group whose objective was to reach a converged and improved common approach for estimating the fair value of the biomass in accordance with IAS 41. Following the working group's conclusions, Bakkafrost has, effective from Q4 2011, refined its calculation model for estimating the fair value of biomass. The model enhancements have been made to improve capture of the fair value development of the biological inventory during the lifetime of the fish. Previously, the point of intersection was when fair value was equal to or higher than historical cost. The refined model incorporates the proportionate expected net profit at harvest during the interval from 1 kg to 4 kg. The best fair value estimate on fish below 1 kg is considered to be accumulated cost, while fish above 4 kg (mature fish) are valued to full expected net value. Consequently, there might be a negative fair value adjustment on the biological inventory. The sales prices are based on externally quoted forward prices, where applicable, and/or the most relevant price information available for the period in which the fish is expected to be harvested. The effect in Q4 2011 from the enhanced fair value estimate on biomass amounted to an income before taxes of DKK 53.3 million compared to the previous model.

Note 3. Biomass

DKK 1,000	2011	2010
Biological assets carrying amount 01.01	482,091	227,497
Increase due to production or purchases	740,590	442,289
Increase due to acquisitions	154,268	98,986
Reduction due to harvesting or sale (costs of goods sold)	-605,536	-370,607
Fair value adjustment at the beginning of the period reversed	-130,792	-46,866
Fair value adjustments at the end of the period	86,037	130,792
Eliminations	-26,322	0
Biological assets carrying amount 31.12	700,336	482,091
<hr/>		
Cost price biological assets	640,621	351,299
Fair value adjustments at the end of the period	86,037	130,792
Eliminations	-26,322	0
Biological assets carrying amount	700,336	482,091

Note 4. Segments

Farming segment	Q4	Q4	2011	2010
DKK 1,000	2011	2010	2011	2010
External revenue	184,101	133,005	643,031	347,070
Internal revenue	64,627	103,209	339,126	424,677
Total revenue	248,728	236,214	982,157	771,747
Operating expenses	-225,129	-134,725	-683,990	-447,094
Depreciation and amortisation	-14,757	-9,998	-52,087	-38,076
Operational EBIT	8,842	91,491	246,080	286,577
Fair value adjustments on biological assets	86,037	43,558	-45,881	83,926
Impairment on biological assets	656	0	0	0
Listing costs	0	-7	0	-10,260
Acquisition costs	-1,035	0	-15,801	0
Badwill related to the acquisition of the Havsbrún Group	1,983	0	126,618	0
Income from associates	127	496	127	496
Earnings before interest and taxes (EBIT)	96,610	135,538	311,143	360,739
Net interest	-15,798	-1,099	-20,088	-6,413
Earnings before taxes (EBT)	80,812	134,439	291,055	354,326
Taxes	-15,731	-16,440	-26,326	-56,020
Profit for the period	65,081	117,999	264,729	298,306

Value added products	Q4		Q4	
DKK 1,000	2011	2010	2011	2010
External revenue	126,980	119,528	507,241	473,142
Internal purchase of raw material	-64,627	-103,209	-339,126	-424,677
Operating expenses	-27,499	-16,313	-93,827	-84,073
Depreciation and amortisation	-1,239	-1,143	-4,785	-4,180
Operational EBIT	33,615	-1,137	69,503	-39,788
Provision for onerous contracts	0	-1,960	2,856	-2,856
Listing costs	0	0	0	-2,530
Acquisition costs	0	16	-218	16
Income from associates	-8	0	-8	0
Earnings before interest and taxes (EBIT)	33,607	-3,081	72,133	-45,158
Net interest	-239	-760	-1,748	-1,909
Earnings before taxes (EBT)	33,368	-3,841	70,385	-47,067
Taxes	-6,006	691	-12,708	8,472
Profit for the period	27,362	-3,150	57,677	-38,595

Feed	Q4	Q4	2011	2010
DKK 1,000	2011	2010	2011	2010
External revenue	86,112	-	170,821	-
Internal revenue	146,027	-	337,896	-
Total revenue	232,139	-	508,717	-
Purchase of goods	-174,820	-	-384,664	-
Operating expenses	-28,469	-	-55,393	-
Depreciation and amortisation	-6,905	-	-10,453	-
Operational EBIT	21,945	-	58,207	-
Fair value adjustments on biological assets	0	-	0	-
Income from associates	-331	-	-2,140	-
Acquisition costs	0	-	0	-
Earnings before interest and taxes (EBIT)	21,614	-	56,067	-
Net interest	-7,397	-	-8,666	-
Earnings before taxes (EBT)	14,217	-	47,401	-
Taxes	-2,559	-	-7,745	-
Profit for the period	11,658	-	39,656	-

Note 5. Harvest and Feed Sale

Distribution of harvested volumes (gwt)	Q4 2011	Q4 2010	2011	2010	Pro forma 2011
Harvested volumes used in VAP production	3,739	3,161	12,720	12,903	12,720
Harvested volumes sold fresh/frozen	7,799	3,332	21,635	8,723	23,623
Harvested and purchased volumes (gwt)	11,538	6,493	34,355	21,626	36,343

Harvested volumes (gwt)	Q4 2011	Q4 2010	2011	2010	Pro forma 2011
Farming North	4,168	2,979	21,052	13,834	21,052
Farming West	4,031	3,514	6,160	7,792	6,160
Faroe Farming	1,633	-	3,717	-	4,890
Viking Seafood	1,706	-	3,426	-	4,241
Total harvested volumes (gwt)	11,538	6,493	34,355	21,626	36,343

Distribution of harvested volumes (gwt)	Q4 2011	Q4 2010	2011	2010	Pro forma 2011
Harvested volumes used in VAP production	32%	49%	37%	60%	35%
Harvested volumes sold fresh/frozen	68%	51%	63%	40%	65%
Harvested and purchased volumes (gwt)	100%	100%	100%	100%	100%

Feed sold volume (tonnes)	Q4 2011	Q4 2010	2011	2010	Pro forma 2011
Internal sale	17,737	-	40,185	-	63,657
External sale	5,875	-	13,831	-	20,774
Sold tonnes feed	23,612	-	54,016	-	84,431

Note 6. Business Combinations

On 1 July 2011, Bakkafrost purchased all the outstanding shares in P/f Havsbrún. P/f Havsbrún, a modern, internationally renowned producer of fish meal, fish oil and fish feed, is situated in the Faroe Islands. P/f Havsbrún sold 84,431 tonnes of feed, 13,141 tonnes of fish meal and 6,061 tonnes of fish oil in 2011. Almost all of the produced fish meal and oil is used for its own fish feed production, and only a small part is exported. P/f Havsbrún owed 78.1% of the farming companies P/f Faroe Farming and P/f Viking Seafood, with a total of 5 licences. The estimated capacity is 15,000 gwt of salmon per year. On 1 July, Bakkafrost also acquired the 21.9% owned by other investors in Viking Seafood. Thus, Bakkafrost now owns 100% of the shares in Viking Seafood. The Board of Directors is satisfied with the deal, as it gives Bakkafrost additional farming capacity and thus opportunities of economy of scale. In addition, it gives Bakkafrost full control of the value chain from production of fish oil and fish meal to finished salmon products. The Havsbrún Group was acquired effective from 1 January 2011 but is, in accordance with IFRS 3, consolidated into Bakkafrost's financial statement from the date of change of control, which was 1 July 2011.

Prior to the acquisition of the Havsbrún Group, Bakkafrost owned 11 licences, which accounted for approx. 39% of the licences on the Faroe Islands. Regulations limit the number of licences controlled by one company to 50% of the total licences. With the purchase of Havsbrún, Bakkafrost has 2 licences above the 50% limit. Bakkafrost has received a grace period to fulfil the legal requirements.

Consideration transferred	
DKK 1,000	
Cash	627,241
Havsbrún's shares in P/f Bakkafrost	349,529
Total consideration	976,770

The cash payment was paid in cash and was financed by a combination of new debt financing and existing facilities.

The management and key employees of P/f Havsbrún continued in the company.

Note 7 Identifiable Assets and Liabilities Assumed

DKK 1,000	Note	2011
Intangible assets	1)	233,710
Property, plant and equipment	2)	440,928
Financial assets	3)	380,471
Long-term receivables		136
Biological assets (biomass)		154,889
Inventory		284,280
Receivables	4)	139,361
Cash and cash equivalents		10,097
Deferred taxes and other taxes		-180,567
Long-term interest bearing debts		-113,632
Short-term interest bearing debt		-146,629
Accounts payable and other debt		-63,128
Minorities	5)	-36,528
Total net identifiable assets		1,103,388

The following fair values have been determined:

- 1) The Havsbrún Group holds 5 farming licences. Fair values have been identified in farming licences by employing generally accepted valuation techniques. The market value of licences is measured at DKK 233.7 million.
- 2) The fair value of property, plant and equipment is based on an independent valuation. A material fair value adjustment of property, plant and equipment was recognised.
- 3) Financial assets include the fair value of Havsbrún's share in Bakkafrost, amounting to DKK 349.5 million on 1 July.
- 4) Accounts receivable include DKK 80.2 million payable by Bakkafrost.
- 5) In accordance with IFRS 3.20 ref. B44. The measurement of the non-controlling interest is based on using other valuation techniques, due to the fact that no market prices for the equity share not held by Bakkafrost exist.

All the accounts receivable are expected to be collectible.

Acquisition-related costs:

The Group incurred acquisition-related costs of DKK 16.0 million relating to external legal fees and due diligence costs. The amount has been disclosed on a separate line in the Consolidated Profit and Loss Account.

Note 8. Pro Forma Financials

The Bakkafrost Group and Havsbrún Group were separate entities. On 1 July 2011, Bakkafrost acquired all the share capital of the Havsbrún Group. Prior to that, Havsbrún was the largest shareholder in Bakkafrost. Consequently, the comparison figures for 2010 will not provide an adequate basis for comparison, as the Havsbrún Group is incorporated into the Profit & Loss statement from 1 July 2011. Therefore, the following pro forma financial information, which presents the Profit & Loss statement as if the merger took place on 1 January 2011, will provide pro forma comparison.

The pro forma financials present the joint activity as one reporting entity for the period. The pro forma figures are based on the actual financial figures of the Groups. Internal trade, gains and losses and balances have been eliminated.

DKK 1,000	Pro forma 2011
Operating revenue	1,471,918
Purchase of goods	-577,344
Change in inventory and biological assets (at cost)	154,874
Salary and personnel expenses	-203,248
Other operating expenses	-386,518
Depreciation	-83,240
Operational EBIT	376,441
Fair value adjustments on biological assets	-57,169
Impairment of biological assets	-2,540
Onerous contracts	2,856
Income from associates	-2,021
Acquisition costs	-16,019
Badwill related to the acquisition of the Havsbrún Group	126,618
Earnings before interest and taxes (EBIT)	428,167
Financial income	2,098
Net interest expenses	-56,439
Net currency effects	-675
Other financial expenses	-1,930
Earnings before taxes (EBT)	371,221
Taxes	-66,820
Profit or loss for the period	304,401

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