

P/F Bakkafrost

Condensed Consolidated

Interim Report for

Q3 2010

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Highlights

- Bakkafrost Group's operational EBIT for Q3 2010 was DKK 47.3 million (DKK 50.9 million in proforma Q3 2009). Operational* EBIT for the first 9 months of 2010 was DKK 156.4 million (DKK 142.1 million in proforma for the first 9 months of 2009).
- The Board of Directors has decided to propose to the Annual General Meeting that if no M&As have taken place before the next Annual General Meeting, a high share of the earnings per share (EPS) from 2010 will be paid out as dividend. It is the Board of Directors view that 30–50% of EPS shall be paid out as dividend when the Group's equity ratio is above 60%. At the end of 3Q 2010, the equity ratio was 73%.
- Bakkafrost's smolt release was guided to be approx 7 million pieces in 2010. This is now estimated to be 7.9 million pieces.
- The total harvested volume in Q3 2010 was 4,048 tonnes gutted weight (6,815 tonnes gutted weight in proforma Q3 2009 and 5,341 tonnes gutted weight in Q2 2010). For the first 9 months of 2010, the harvested volume was 15,133 tonnes gutted weight (21,715 tonnes gutted weight for the first 9 months of 2009 proforma).
- Operational* EBIT/kg in Q3 2010 was DKK 11.70 (NOK 12.49) (DKK 7.48 (NOK 8.77) in proforma Q3 2009). Operational* EBIT/kg for the first 9 months of 2010 was DKK 10.34 (NOK 11.09) (DKK 6.54 (NOK 7.76) in the proforma figures for the first 9 months of 2009).
- The ratio of harvested fish sold on long-term contracts in 3Q was 62%. Bakkafrost intends to sell around 50% of its harvested fish as VAP products on long-term contracts in the future; this is expected to be reached, as the total quantity of harvested fish is expected to rise significantly in 2011.
- Bakkafrost expects to harvest from its farming sites 23,000 tonnes gutted weight in 2010 and 35,000 tonnes gutted weight in 2011. In 3Q 2010, Bakkafrost accounted for 44% of the 9,200 tonnes gutted weight of the total exported volume of farmed fish from the Faroe Islands.
- The Group's net interest-bearing debt at the end of Q3 2010 was DKK 80.4 million (DKK 251 million in proforma at year-end 2009 and DKK 65.1 million at the end of Q2 2010).
- The planned operational changes post-merger of Vestlax into Bakkafrost are on track.
- The company has a strong balance sheet with high equity ratio and high available credit facilities.

*Aligned for fair value adjustment of biomass, onerous contracts provisions and costs related to the listing of the company on Oslo Børs. The proforma figures also exclude non-operational losses in Vestlax of DKK 16.9 million.

Key Figures

Bakkafrost Group - key figures DKK 1,000	Q3 2010	Proforma Q3 2009	9 Months 2010	Proforma 9 Months 2009	Proforma 2009
Operating revenue	177,667	228,481	567,679	657,423	921,688
EBIT	82,498	47,416	183,124	152,191	239,319
Net interest	-1,889	-9,280	-6,463	-29,374	-38,177
Profit for the period	66,099	30,568	144,862	103,150	164,799
Operational EBIT*	47,355	50,957	156,435	142,113	221,910
Operational EBIT margin	26.65%	22.30%	27.56%	21.62%	24.08%
Operational EBIT/kg (DKK)	11.70	7.48	10.34	6.54	7.24
Operational EBIT/kg (NOK)	12.49	8.77	11.09	7.76	8.48
DKK/NOK (average)	93.64	85.25	93.18	84.29	85.38
Earnings per share (DKK)	1.35	0.88	3.03	2.95	4.72
Cash flow from operations	-12,367		111,885		298,067
Total Assets	1,079,614		1,079,614		1,003,901
Net interest bearing debt	80,387		80,387		250,972
Equity ratio	73%		73%		57%
Harvested volume (tonnes gutted weight)	4,048	6,815	15,133	21,715	30,650

* Aligned for fair value adjustment of biomass, onerous contracts provisions and costs related to the listing of the company on Oslo Børs. The proforma figures for M9 2009 and 2009 in total are also adjusted for non-operational losses in Vestlax of DKK 16.9 million.

Smolt release

Bakkafrost Group 1,000 pieces	2008	2009	2010E	2011E
Farming North, <i>salmon</i>	3,200	4,000	4,300	4,800
Farming West, <i>trout</i>	700	300	0	0
Farming West, <i>salmon</i>	1,400	2,100	3,600	2,700
Total	5,300	6,400	7,900	7,500

Financial Review

In the following review, the realised figures for the Bakkafrost Group are commented and compared to proforma figures presented as if Bakkafrost and Vestlax were merged 1 January 2009. The Bakkafrost Group and the Vestlax Group were merged effective from 1 January 2010. The realised and proforma figures are presented in note 4 together.

Income Statement

The operating revenues amounted to DKK 177.7 million in Q3 2010 (DKK 228.5 million in proforma Q3 2009). For the first 9 months of 2010, the operating revenue amounted to DKK 567.7 million (DKK 657.4 million for the first 9 months of 2009 proforma). The reason for the decrease from 2009 to 2010 in Q3 is due to 41% lower harvested volumes, but offset by higher prices, as the revenue has only declined by 22%.

Bakkafrost harvested the following:

Harvested volumes (tonnes gwt)	Proforma		Proforma		Proforma 2009
	Q3 2010	Q3 2009	9 Months 2010	9 Months 2009	
Farming North	3,133	4,069	10,855	14,061	10,977
Farming West	915	2,745	4,278	7,653	19,673
Total harvested volumes (gwt)	4,048	6,814	15,133	21,714	30,650

Operational EBIT, which is EBIT before fair value adjustment of the biomass, provision for onerous contracts and listing costs, was DKK 47.3 million in Q3 2010 (DKK 50.9 million in proforma Q3 2009). The provision for onerous contracts is recognised, as Bakkafrost has entered into fixed-price contracts for delivery of value added products in the future which are at a lower price compared to the sales price used for the fair value adjustment for the biomass at the end of the quarter. Operational EBIT for the first 9 months of 2010 was DKK 156.4 million (DKK 142.1 million for the first 9 months of 2009 proforma).

For Q3 2010, the operational EBIT was DKK 11.70 (NOK 12.49) per kg gutted weight, compared to DKK 7.48 (NOK 8.77) per kg gutted weight in proforma Q3 2009 for Bakkafrost in total.

Net interest in Q3 2010 amounted to DKK -1.9 million (DKK -9.3 million in proforma Q3 2009). For the first 9 months of 2010, the interest amounted to DKK -6.4 million (DKK -29.4 million for the first 9 months of 2009 proforma).

Taxes amounted to DKK -14.5 million in Q3 2010 (DKK -7.6 million in proforma Q3 2009). For the first 9 months of 2010, taxes amounted to DKK -31.7 million (DKK -19.7 million for the first 9 months of 2009 proforma).

Profit for Q3 2010 was DKK 66.1 million (DKK 30.6 million in proforma Q3 2009). Profit for the first 9 months of 2010 was DKK 144.9 million (DKK 103.2 million for the first 9 months of 2009 proforma).

The volume of marine-phase biomass at the end of Q3 2010 was 13% lower than at the same time last year. The volume at the start of the year was 29% lower than the year before. Feed consumption in 3Q 2010 was 3.5% lower compared with the same period last year. The reduced biomass at end of 3Q 2010 compared with last year is due to the change in production strategy from trout to salmon. However, the increased number of fish released into the sea the last year can be monitored by the total number of fish in the sea, which at the end of Q3 2010 was 18% higher than at the same point in time last year.

Segments

Farming:

The operating revenue for Bakkafrost's farming segment was DKK 158.7 million in Q3 2010 (DKK 212.1 million in proforma Q3 2009). For the first 9 months of 2010, the operating revenue was DKK 535.5 million, compared to DKK 600.4 million for the first 9 months of 2009 proforma. Included in the gross operating revenue is internal sale between farming and VAP. Operational EBIT, which is EBIT before fair value adjustments on biological assets, amounted to DKK 58.6 million, compared to DKK 60.1 million in proforma Q3 2009. The decrease in Q3 2010 compared to proforma Q3 2009 is due to less harvested quantum.

Operational EBIT for the first 9 months of 2010 amounted to DKK 195.1 million (DKK 141.2 million for the first 9 months of 2009 proforma). Operational EBIT is EBIT adjusted for fair value adjustments on biological assets and listing costs. In addition to this, the proforma figures for the first 9 months of 2009 are adjusted for an extraordinary loss in Vestlax of DKK 16.9 million.

Operational EBIT/kg for the farming segment was DKK 14.49 (NOK 15.42) in Q3 2010, compared to DKK 8.82 (NOK 10.35) in proforma Q3 2009. For the first 9 months of 2010, the operational EBIT/kg was DKK 12.89 (NOK 13.83), compared to DKK 6.50 (NOK 7.71) for the first 9 months of 2009 proforma. The overall increase in the performance of the Group's farming segment reflects the increase in the salmon price, the excellent biological situation and improved performance in general.

Bakkafrost Farming North (former Bakkafrost) had a calculated operational EBIT/kg of DKK 13.31 (NOK 14.22) in Q3 2010, and Bakkafrost Farming West (former Vestlax) had a calculated operational EBIT/kg of DKK 19.49 (NOK 20.81) in Q3 2010.

For the first 9 months of 2010, Bakkafrost Farming North (former Bakkafrost) had a calculated operational EBIT/kg of DKK 12.98 (NOK 13.87), and Bakkafrost Farming West (former Vestlax) had an operational EBIT/kg of DKK 13.10 (NOK 13.99).

The profit after tax for the farming segment for Q3 2010 was DKK 57.0 million (DKK 19.6 million in proforma Q3 2009). For the first 9 months of 2010, the result was DKK 180.3 million, compared to DKK 104.9 million for the first 9 months of 2009 proforma.

Value Added Products (VAP):

The operating revenue for the value added segment amounted to DKK 108.5 million in Q3 2010 (DKK 82.4 million in proforma Q3 2009). The operating revenue for the first 9 months of 2010 was DKK 353.6 million (DKK 228.0 million for the first 9 months of 2009 proforma). Operational EBIT, which is EBIT adjusted for provisions for onerous contracts, amounted to DKK -11.3 million in Q3 2010 (DKK -9.2 million in proforma Q3 2009). This corresponds to a negative operational EBIT of DKK -4.51 (NOK -4.80) per kg gutted weight, compared to DKK -3.33 (NOK 3.90) per kg in proforma Q3 2009.

For the first 9 months of 2010, operational EBIT amounted to DKK -38.7 million (DKK 0.9 million for the first 9 months of 2009 proforma), which corresponds to an operational EBIT of DKK -3.97 (NOK -4.26) per kg gutted weight (DKK 0.12 (NOK 0.14) per kg for the first 9 months of 2009 proforma).

The continued increase in the salmon price from 2009 and during 2010 reflects the result from the value added segment, as this was negative. This is due to the time lag between the movements in the fresh salmon price and the contract price for value added products, leading to a significant negative result when spot market prices are increasing and a positive result when spot market prices are decreasing.

Of the total operating revenue, 61% (Q3 2009 proforma 36%) came from VAP contracts in Q3 2010, corresponding to 62% (Q3 2009 proforma 40%) of the total harvested volume. For the first 9 months of 2010, 62% (35% for the first 9 months of 2009 proforma) of the operating revenue came from VAP

contracts, corresponding to 64% (36% for the first 9 months of 2009 proforma) of the total harvested volume for the first 9 months of 2010.

Statement of Financial Position

The Group's total assets as of 30 September 2010 amounted to DKK 1,079.6 million, compared to DKK 1,003.9 million in the proforma figures at the end of 2009.

The Group's non-current assets amounted to DKK 503.5 million at the end of Q3 2010, compared to DKK 484.2 million in the proforma figures at the end of 2009. The increase relates first of all to investments in property, plant and equipment.

The Group's book value (fair value) of biological assets (fish in the sea) amounted to DKK 410.3 million at the end of Q3 2010. The total fair value adjustment of the biomass amounted to DKK 87.2 million at 30 September 2010, compared to DKK 50.3 million in the proforma figures at the end of 2009.

The Group's equity increased from DKK 573.3 million (proforma) at the start of the year to DKK 786.8 million at the end of Q3 2010. The increase in equity can be attributed to the merger with Vestlax, the share capital increase in connection with listing on Oslo Børs, the sale of own shares and the good net result for the first 9 months of 2010.

The Group's total non-current liabilities amounted to DKK 153.1 million at 30 September 2010, compared to DKK 142.0 million (proforma) at the end of 2009. Included in the non-current liabilities are deferred and other taxes amounting to DKK 111.6 million, while the long-term debt is DKK 41.5 million. The Group's total current liabilities are DKK 139.7 million at the end of Q3 2010, compared to DKK 288.6 million (proforma) at the end of 2009. The decrease is mainly due to paying down interest bearing debt.

Bakkafrost's net interest-bearing debt amounted to DKK 80.4 million at the end of Q3 2010, compared to DKK 251.0 million (proforma) at the end of 2009. Bakkafrost had an equity ratio of 73% as of 30 September 2010, compared to 57% at the end of 2009 (proforma). A healthy financial position is considered to be a crucial element in the Group's strategy for further growth and profitability. The Group will continue to place great emphasis on this going forward.

Cash Flow

The total cash flow from operating activities in Q3 2010 was negative by DKK 12.4 million, due to the normal yearly cycle of building up the biological assets in late summer/autumn. The inventory increased by DKK 76.4 million during 3Q 2010. For the first 9 months of 2010, the cash flow from operating activities was DKK 111.9 million.

The cash flow from investment activities in Q3 2010 amounted to DKK -10.4 million. For the first 9 months of 2010, the cash flow from investment activities amounted to DKK -50.5 million. The company's bank syndicate has approved investments of up to DKK 70 million in 2010 and 2011 each year.

Cash flow from financing activities totalled DKK 16.4 million in Q3 2010, which reflects primarily a net increase of bank funding. Net cash flow in Q3 2010 amounted to DKK -6.4 million. The cash flow from financing for the first 9 months of 2010 was DKK -78.4 million. The Group has paid down debt of DKK 182.3 million, dividend of DKK 17.6 million and interest of DKK 7.8 million. On the other hand, the Group has received net proceeds of DKK 112.3 million from the share capital increase in connection with the listing on Oslo Børs and the merger with Vestlax of DKK, proceeds of DKK 15.7 million from sale of own shares and interest income of DKK 1.3 million. Cash at 30 September 2010 was DKK 25.0 million. Together with established credit facilities with its banking partners, the Group's liquidity and financial strength is considered to be very good. The Group's net interest-bearing debt amounted to DKK 80.4 million, and solvency was in excess of 75%. At the end of Q3 2010, Bakkafrost had net undrawn loan facilities in excess of DKK 330 million.

Outlook

From now on, the harvested volumes per quarter will be at a significantly higher level as Bakkafrost commences the harvest of the generation released in second half 2009, which was 4.4 million smolts, compared to 2.0 million smolts in the first half.

The ratio of harvested fish sold on long-term contracts in 3Q was 62%. Bakkafrost intends to sell around 50% of its harvested fish as VAP products on long-term contracts in the future; this is expected to be reached, as the total quantity of harvested fish is expected to rise significantly in 2011.

Bakkafrost expects to harvest from its farming sites 23,000 tonnes gutted weight in 2010 and 35,000 tonnes gutted weight in 2011. In 3Q 2010, Bakkafrost accounted for 44% of the 9,200 tonnes gutted weight of the total exported volume of farmed fish from the Faroe Islands.

The planned operational changes post-merger of Vestlax into Bakkafrost is on track. Following Sundalagid south and north have been synchronised together with other farmers in the region during the last months. New smolts have been released into this area. We believe that the changes in Sundalagid will have a positive effect for the operations in the future.

The financial position of Bakkafrost is very strong, and the company has a good solvency. We believe the solvency of the company shall be strong to secure organic growth for the coming years, to be in a position to take advantage of M&A activities, as well as to handle the risks involved in our industry. The Board of Directors have decided to propose to the Annual General Meeting that if no M&As have taken place before the next Annual General Meeting, a high share of the earnings per share (EPS) from 2010 will be paid out as dividend. It is the Board of Directors view that 30–50% of EPS shall be paid out as dividend when the Group's equity ratio is above 60%. At the end of 3Q 2010, the equity ratio was 73%.

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 the accounts.

Glyvrrar, 9 November 2010

The Board of Directors of P/F Bakkafrost

Consolidated Profit and Loss Account

For the period ended 30 September 2010

DKK 1,000	Q3 2010	Pre- merger Q3 2009	9 Months 2010	Pre- merger 9 Months 2009
Operating revenue	177,667	136,179	567,679	413,367
Purchase of goods	-112,005	-59,050	-206,379	-149,384
Change in inventory and biological assets (at cost)	64,012	4,127	47,720	-32,762
Fair value adjustments on biological assets	12,362	-13,957	36,997	17,243
Fair value (excess of costs) on biological assets acquired and harvested	0	0	3,371	0
Salary and personnel expenses	-26,962	-18,438	-87,876	-56,235
Other operating revenue	0	0	0	0
Other operating expenses	-44,879	-26,959	-133,593	-59,110
Onerous contracts	22,913	23,611	-896	0
Listing costs	-132	0	-12,783	0
Income from associates	0	0	0	0
Depreciation	-10,477	-5,230	-31,115	-15,467
Earnings before interest and taxes (EBIT)	82,498	40,283	183,124	117,652
Financial income	167	762	831	2,208
Net interest expenses	-939	-2,322	-6,453	-10,879
Net currency effects	-1,052	-198	485	-385
Other financial expenses	-66	-61	-1,327	-330
Earnings before taxes (EBT)	80,609	38,464	176,661	108,266
Taxes	-14,510	-6,924	-31,799	-19,387
Profit for the period	66,099	31,540	144,862	88,879
Earnings per share continued operations (DKK)	1.35	0.90	3.03	2.55
Diluted earnings per share (DKK)	1.35	0.90	3.03	2.55

Statement of Comprehensive Income

For the period ended 30 September 2010

DKK 1,000	Q3 2010	Pre- merger Q3 2009	9 Months 2010	Pre- merger 9 Months 2009
Profit for the period	66,099	31,540	144,862	88,879
Adjustment at the beginning of the period	0	0	-34	0
Fair value adjustment	0	589	0	1,765
Tax on fair value adjustment	0	-116	0	-318
Total comprehensive income for the period net tax	66,099	32,013	144,828	90,326

Consolidated Statement of Financial Position

As of 30 September 2010

DKK 1,000	Note	30 Sept. 2010	Pre-merger End 2009
ASSETS			
Non-current assets			
Intangible assets		136,245	0
Property, plant and equipment		350,237	231,002
Financial assets		16,334	26,262
Long-term receivables		703	477
Total non-current assets		503,519	257,741
Current assets			
Biological assets (biomass)	5	410,258	227,497
Inventory		29,228	20,527
Total inventory		439,486	248,024
Accounts receivable		92,161	66,644
Other receivables		25,800	13,304
Total receivables		117,961	79,948
Cash and cash equivalents		18,648	35,319
Total current assets		576,094	363,291
TOTAL ASSETS		1,079,614	621,032

Consolidated Statement of Financial Position

As of 30 September 2010

DKK 1,000	30 Sept. 2010	Pre-merger End 2009
EQUITY AND LIABILITIES		
Equity		
Share capital	48,858	2,992
Other equity	737,918	385,895
Total equity	786,776	388,887
Non-current liabilities		
Deferred taxes and other taxes	111,567	57,082
Long-term interest bearing debts	41,547	34,350
Total non-current liabilities	153,113	91,431
Current liabilities		
Short-term interest bearing debt	57,488	98,262
Accounts payable and other debt	82,237	42,451
Total current liabilities	139,725	140,713
Total liabilities	292,838	232,145
TOTAL EQUITY AND LIABILITIES	1,079,614	621,032

Consolidated Cash Flow Statement

For the period ended 30 September 2010

DKK 1,000	Q3 2010	Pre- merger Q3 2009	9 Months 2010	Pre- merger 9 Months 2009
Operating profit (EBIT)	82,499	40,283	183,124	117,652
Adjustments for write-downs and depreciation	10,477	5,230	31,115	15,467
Adjustments for value adjustments on biomass	-12,362	13,957	-40,368	-17,243
Taxes paid	0	0	0	0
Change in inventory	-76,374	-4,127	-84,708	32,762
Change in other current assets	-37,144	-913	11,322	-12,680
Change in current debts	20,536	-19,136	11,399	-8,445
Cash flow from operations	-12,367	35,293	111,885	127,513
Cash flow from investments				
Proceeds from sale of fixed assets	0	0	300	0
Payments made for purchase of fixed assets	-10,745	-4,510	-50,544	-11,348
Purchase of shares and other investments	35	-37	-4	-82
Change in long-term receivables	286	-425	-225	-1,025
Cash flow from investments	-10,425	-4,972	-50,474	-12,455
Cash flow from financing				
Paying down / increase of interest bearing debt (short and long)	18,671	-31,557	-182,303	-101,103
Proceeds from share capital increases	-385	0	112,296	0
Received interest	-884	762	1,317	2,208
Net proceeds from sale of own shares	0	0	15,669	0
Paid interest	-1,006	-2,581	-7,780	-11,594
Dividend paid	0	0	-17,643	-5,000
Cash flow from financing	16,395	-33,376	-78,444	-115,489
Net change in cash and cash equivalents in period	-6,395	-3,053	-17,032	-431
Cash and cash equivalents – opening balance	25,043	3,094	35,680	471
Cash and cash equivalents – closing balance total	18,648	41	18,648	41

Consolidated Changes in Equity

As of 30 September 2010

DKK 1,000	9 Months 2010	Pre- merger End 2009
Total equity 01.01	388,887	241,650
Profit for the period to equity	144,862	148,728
Adjustment to 01.01	-34	0
Fair value adjustment on securities available for sale	0	4,279
Deferred tax on securities available for sale	0	-770
Total other comprehensive income	-34	3,509
Proposed dividend	0	-18,000
Total gains and losses charged directly to equity	0	-18,000
Total recognised income and expense to equity	144,828	134,237
Equity transactions between the company and its shareholders		
Share issue related to IPO	75,000	0
Sale of treasury shares related to IPO	15,669	0
Tax on sale of treasury shares	-2,820	0
Costs related to IPO	-7,356	0
Net proceeds from share capital increases	80,493	0
Equity increase by merger		
Proceeds from merger	209,039	0
Deferred tax on recognised excess fair values	-18,828	0
Equity increase by merger	190,211	0
Distribution of dividend	-18,000	-5,000
Dividends on treasury shares	357	0
Proposed dividend	0	18,000
Total equity to shareholders during the year	253,061	13,000
Total change in equity during the period	397,889	147,237
Total equity at the end of the period	786,776	388,887

Notes to the Accounts

Accounting Policy

General Information

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

The Annual and Consolidated Annual Reports of the Group as at and for the year ended 31 December 2009 are available upon request from the company's registered office at Bakkavegur 8, FO-625 Glyvrar, 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 Report, and should be read in conjunction with the Annual Report for the Group as at and for the year ended 31 December 2009.

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 consolidated accounts in the Annual Report as at and for the year ended 31 December 2009.

Note 3. Acquisitions Through Business Combination

By 1 January 2010, P/F Bakkafrost and P/F Vestlax Holding were merged into one holding company. Under IFRS 3 concerning business combinations, the merger was treated as an acquisition, in which P/F Bakkafrost is the acquiring company and P/F Vestlax Holding the acquired company. Following the merger, the shareholders of P/F Vestlax Holding owned 24.52% of the continuing company. Details of the fair value allocation and the effect on the statement of financial position are presented in the table below:

DKK 1,000	Impact on Consolidated Accounts
Intangible assets	136,245
Property, plant and equipment	100,106
Financial assets	-9,932
Biomass	102,379
Other current assets	54,071
Deferred tax	-18,828
Long-term interest bearing debt	-37,065
Short-term interest bearing debt	-116,975
Other short-term liabilities	-25,623
Other IFRS adjustment on equity	<u>3,564</u>
Total effect on equity	187,942

The merger is considered a business combination according to IFRS 3. Bakkafrost is considered the acquiree, and Vestlax the acquired group. Accordingly, a Purchase Price Allocation is performed in which Vestlax is recognised and measured at market value.

The market value is established by an actual transaction between independent parties in which shares in Bakkafrost were traded under the presumption of the merger taking place at 1 January 2010 at certain relative values.

The balance sheet of the Vestlax Group has been examined, and fair values have been identified in farming licences by employing generally accepted valuation techniques. The market values of licences are measured at DKK 132.7 million and goodwill at DKK 3.5 million, totalling 136.2 million. The adjustments relative to book values, amounting to DKK 67.7 million, are entered to intangible assets. Biomass is already measured at fair value, and the examination of the balance sheet revealed no further excess values.

According to IFRS 3, deferred tax is calculated on excess values of licences and entered to liabilities; this amounts to DKK 23.9 million, less tax assets in Vestlax Group of DKK 5.1 million. Goodwill is by definition a residual, and no deferred tax is entered. The Vestlax Group and the sea farming activity of Bakkafrost Group perform similar activities and will potentially benefit from economies of scale.

Under the item Investment in financial assets, DKK 16.1 million is eliminated, as this relates to Bakkafrost's share of the share capital in Vestlax. An adjustment to Accounts receivable of DKK 5.3 million relates mainly to intergroup receivables that are eliminated.

The adjustment of DKK 27.7 million to shareholders' equity relates primarily to the following eliminations and adjustments. Bakkafrost's part of the share capital in Vestlax is eliminated, which amounts to DKK -16.1 million. As the merger consideration for Vestlax is paid in shares of Bakkafrost, the share capital in the merged Group is increased by DKK 1.0 million, so that the total share capital after the merger is DKK 4.0 million. The purchase price allocation, which is the excess value of the book value of the assets in Vestlax, amounting to DKK 67.7 million, is entered on other equity. Finally, a provision for deferred tax of the value of the licences is made, amounting to DKK 23.9 million.

Note 4. Realised Figures Compared to Proforma Figures

Consolidated Profit and Loss Account

For the period ended 30 September 2010

DKK 1,000	Q3 2010	Proforma Q3 2009	9 Months 2010	Proforma 9 Months 2009	Proforma 2009
Operating revenue	177,667	228,481	567,679	657,423	921,688
Purchase of goods	-112,005	-102,035	-206,379	-234,976	-272,638
Change in inventory and biological assets (at cost)	64,012	9,635	47,720	-60,215	-105,659
Fair value adjustments on biological assets	12,362	-27,152	36,997	26,978	31,923
Fair value (excess of costs) on biological assets acquired and harvested	0	0	3,371	0	2,563
Salary and personnel expenses	-26,962	-29,445	-87,876	-88,579	-123,895
Other operating revenue	0	0	0	9,500	9,500
Other operation expenses	-44,879	-45,482	-133,593	-129,034	-186,727
Onerous contracts	22,913	23,611	-896	0	0
Listing costs	-132	0	-12,783	0	0
Income from associates	0	0	0	0	699
Depreciation	-10,477	-10,197	-31,115	-28,906	-38,134
Earnings before interest and taxes (EBIT)	82,498	47,416	183,124	152,191	239,319
Financial income	167	171	831	765	1,197
Net interest expenses	-939	-8,893	-6,453	-30,906	-37,290
Net currency effects	-1,052	-497	485	1,097	1,577
Other financial expenses	-66	-61	-1,327	-330	-3,661
Earnings before taxes (EBT)	80,609	38,136	176,661	122,817	201,142
Taxes	-14,510	-7,568	-31,799	-19,667	-36,343
Profit for the period	66,099	30,568	144,862	103,150	164,799

Consolidated Statement of Financial Position
As of 30 September 2010

DKK 1,000	30 Sept. 2010	Proforma End 2009
ASSETS		
Non-current assets		
Intangible assets	136,245	136,245
Property, plant and equipment	350,237	331,108
Financial assets	16,334	16,330
Long-term receivables	703	478
Total non-current assets	503,519	484,161
Current assets		
Biological assets (biomass)	6 410,258	329,876
Inventory	29,228	24,902
Total inventory	439,486	354,778
Accounts receivable	92,161	114,199
Other receivables	25,800	15,084
Total receivables	117,961	129,283
Cash and cash equivalents	18,648	35,680
Total current assets	576,094	519,741
TOTAL ASSETS	1,079,614	1,003,902

Consolidated Statement of Financial Position
As of 30 September 2010

DKK 1,000	30 Sept. 2010	Proforma End 2009
EQUITY AND LIABILITIES		
Equity		
Share capital	48,858	3,964
Other equity	737,918	569,301
Total equity	786,776	573,265
Non-current liabilities		
Deferred and other taxes	111,567	70,595
Long-term interest bearing debts	41,547	71,415
Total non-current liabilities	153,113	142,010
Current liabilities		
Short-term interest bearing debt	57,488	215,237
Accounts payable and other debt	82,237	73,390
Total current liabilities	139,725	288,627
Total liabilities	292,838	430,637
TOTAL EQUITY AND LIABILITIES	1,079,614	1,003,902

Consolidated Cash Flow Statement
For the period ended 30 September 2010

DKK 1,000	Q3 2010	9 Months 2010	Proforma 2009
Operating profit (EBIT)	82,499	183,124	239,319
Adjustments for write-downs and depreciation	10,477	31,115	38,134
Adjustments for value adjustments on biomass	-12,362	-40,368	-34,486
Taxes paid	0	0	0
Change in inventory	-76,374	-84,708	105,639
Change in other current assets	-37,144	11,322	-27,586
Change in current debts	20,536	11,399	-22,954
Cash flow from operations	-12,367	111,885	298,067
Cash flow from investments			
Proceeds from sale of fixed assets	0	300	50
Payments made for purchase of fixed assets	-10,745	-50,544	-37,441
Purchase of shares and other investments	35	-4	-8,734
Change in long-term receivables	286	-225	6,509
Cash flow from investments	-10,425	-50,475	-39,616
Cash flow from financing			
Paying down of interest bearing debt (short and long)	18,671	-182,303	-191,556
Proceeds from share capital increases	-385	112,296	0
Received interest	-884	1,317	3,404
Net proceeds from sale of own shares	0	15,669	0
Paid interest	-1,006	-7,780	-41,581
Dividend paid	0	-17,643	-5,000
Cash flow from financing	16,396	-78,444	-234,733
Net change in cash and cash equivalents in period	-6,395	-17,032	23,718
Cash and cash equivalents – opening balance	25,043	35,680	11,962
Cash and cash equivalents – closing balance total	18,648	18,648	35,680

Note 5. Biomass

DKK 1,000	30 Sept. 2010	Bakkafrost pre-merger 2009
Biological assets carrying amount 01.01	227,496	229,720
Increase due to production or purchases	304,658	272,139
Increase due to acquisitions	98,986	0
Reduction due to harvesting or sale (costs of goods sold)	-261,250	-308,017
Fair value adjustment at the beginning of the period reversed	-46,866	-13,211
Fair value adjustments at the end of the period	87,234	46,866
Biological assets carrying amount	410,258	227,497
<hr/>		
Cost price biological assets	323,024	180,631
Fair value adjustments at the end of the period	87,234	46,866
Biological assets carrying amount	410,258	227,497

Note 6. Segments

Farming segment DKK 1,000	Q3 2010	Pre- merger		9 Months 2010	Pre- merger Proforma		812,990
		Q3 2009	Proforma Q3 2009		9 months 2009	9 Months 2009	
Operating revenue	158,684	119,797	212,099	535,533	356,359	600,415	812,990
Depreciation and amortisation	-9,437	-4,607	-9,574	-28,078	-12,655	-26,094	-34,334
Operating expenses	-90,606	-75,403	-142,410	-312,369	-244,219	-459,532	-614,835
Fair value adjustments on biological assets	12,362	-13,957	-27,152	40,368	17,243	26,978	34,486
Listing costs	-132	0	0	-10,253	0	0	0
Other operating revenue	0	0	0	0	0	9,500	9,500
Income from associates	0	0	0	0	0	0	671
Earnings before interest and taxes (EBIT)	70,871	25,830	32,963	225,201	116,728	151,267	208,477
Net interest	-1,378	-767	-8,228	-5,314	-6,275	-26,263	-35,869
Earnings before taxes (EBT)	69,493	25,063	24,735	219,887	110,453	125,004	172,608
Taxes	-12,509	-4,512	-5,156	-39,580	-19,781	-20,061	-31,230
Profit for the period	56,984	20,551	19,579	180,306	90,672	104,943	141,378

Value added products DKK 1,000	Q3 2010	Pre- merger		9 Months 2010	Pre- merger Proforma		358,709
		Q3 2009	Proforma Q3 2009		9 months 2009	9 Months 2009	
Operating revenue	108,488	82,359	82,359	353,614	227,996	227,996	358,709
Depreciation and amortisation	-1,039	-623	-623	-3,037	-2,812	-2,812	-3,800
Operating expenses	-118,734	-90,894	-90,894	-389,228	-224,260	-224,260	-324,095
Provision for onerous contracts	22,913	23,611	23,611	-896	0	0	0
Listing costs	0	0	0	-2,530	0	0	0
Income from associates	0	0	0	0	0	0	28
Earnings before interest and taxes (EBIT)	11,628	14,453	14,453	-42,077	924	924	30,842
Net interest	-512	-1,052	-1,052	-1,149	-3,111	-3,111	-2,308
Earnings before taxes (EBT)	11,116	13,401	13,401	-43,226	-2,187	-2,187	28,534
Taxes	-2,001	-2,412	-2,412	7,781	394	394	-5,113
Profit for the period	9,115	10,989	10,989	-35,445	-1,793	-1,793	23,421

Note 7. Harvest

Distribution of harvested and purchased volume (gwt)	Q3	Proforma Q3	9 Months	Proforma 9 Months	Proforma
	2010	2009	2010	2009	2009
Harvested volume used in VAP production	2,503	2,752	9,742	7,781	10,977
Harvested volume sold fresh/frozen	1,545	4,063	5,391	13,934	19,673
Harvested and purchased volume (gwt)	4,048	6,815	15,133	21,715	30,650

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