

P/F Bakkafrost

Condensed Consolidated Interim Report for Q3 2013 and 9 months 2013

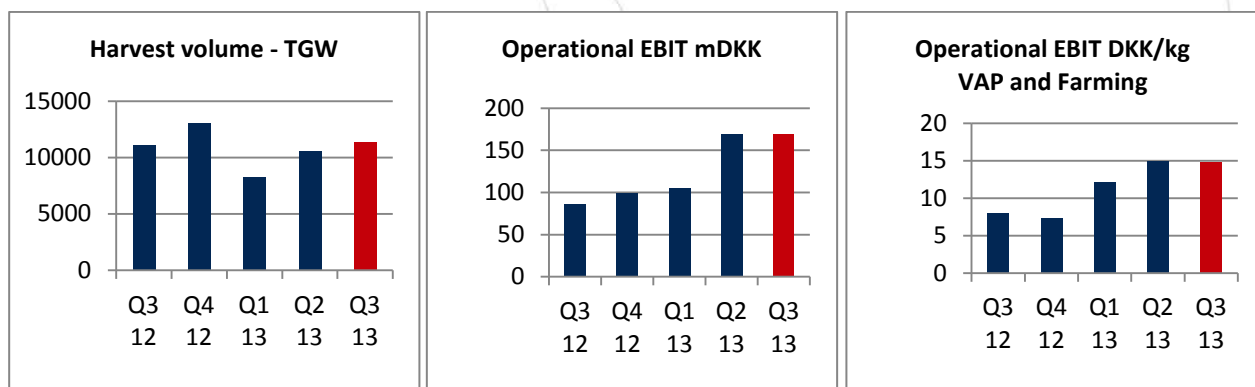


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Highlights

DKK 1,000	Q3 2013	Q3 2012	YTD 2013	YTD 2012
INCOME STATEMENT, SEGMENTS AND CASH FLOW				
Group - Operating revenue	741,134	457,147	1,824,437	1,273,482
Group - Operational EBIT*	186,762	86,210	461,139	223,878
Group - Profit for the period (continuing and discontinuing operations)	199,630	25,826	451,352	133,164
Operational EBIT (Farming and VAP)(DKK)	167,941	78,458	426,978	215,215
Operational EBIT*/kg (Farming and VAP)(DKK)	14.82	8.06	14.15	6.88
Operational EBIT*/kg (Farming and VAP) (NOK)	15.76	8.00	14.21	6.94
Farming - Operating revenue	520,277	327,408	1,465,638	936,686
Farming - Operational EBIT*	187,503	75,016	511,557	189,711
Farming - Operational EBIT margin	37%	23%	35%	20%
Farming - Operational EBIT/kg (DKK)	16.54	7.71	16.96	6.06
Farming - Operational EBIT/kg (NOK)	17.59	7.65	17.02	6.12
VAP - Operating revenue	147,705	121,352	463,578	372,457
VAP - Operational EBIT*	-19,562	3,442	-84,579	25,504
VAP - Operational EBIT margin	-13%	3%	-18%	7%
VAP - Operational EBIT/kg (DKK)	-4.66	0.95	-6.36	2.21
VAP - Operational EBIT/kg (NOK)	-4.96	0.94	-6.38	2.23
Feed - Operating revenue	422,278	300,046	830,511	641,204
Feed - EBITDA	48,756	41,272	104,414	66,086
Feed - EBITDA margin	11.55%	13.76%	12.57%	10.31%
Cash flow from operations	130,597	-53,338	330,401	181,757
DKK/NOK (average)	94.04	100.74	99.61	99.05
FINANCIAL POSITION				
Total Assets**	3,004,209	2,570,911	3,004,209	2,570,911
Equity**	1,567,327	1,262,912	1,567,327	1,262,912
Equity ratio**	52%	49%	52%	49%
Net interest bearing debt**	736,898	806,903	736,898	806,903
PROFITABILITY				
Basic earnings per share (DKK)	4.09	0.53	9.24	2.20
Diluted earnings per share (DKK)	4.09	0.53	9.24	2.20
ROE***	13.5%	2.3%	31.9%	12.2%
ROCE (for the last quarter)****	8.3%	4.8%	21.1%	12.5%
ROCE (for the last 4 quarters)	27.1%	18.3%	26.9%	19.7%
ROIC (for the last quarter)*****	11.8%	2.4%	27.5%	12.4%
ROIC (for the last 4 quarters)	38.2%	23.2%	38.2%	23.2%
VOLUMES				
Harvested volume continuing operation (tonnes gutted weight)	11,335	9,730	30,171	31,297
Harvested volume discontinuing operation (tonnes gutted weight)	0	1,384	0	2,557
VAP produced volume (tonnes gutted weight)	4,196	3,634	13,300	11,559
Sold feed tonnes	31,961	30,290	65,063	66,351
* Aligned for fair value adjustment of biomass, onerous contracts provisions and acquisition costs.				
** Comparing figures from end 2012				
*** 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 2013 and 9 months 2013

(Figures in parenthesis refer to the same period in 2012)

The Bakkafrost Group delivered a total operating EBIT of DKK 186.8 million in Q3 2013. The combined farming and VAP segment made an operational EBIT of DKK 167.9 million in Q3 2013. The salmon spot prices were high during the first two months of the quarter followed by a decrease in September. Because of the continued strong spot prices overall in the quarter, the VAP segment had an operating loss of DKK -19.6 million. The EBITDA for the feed segment was DKK 48.8 million in Q3 2013.

The Group made a profit for the quarter of DKK 199.6 million (DKK 25.8 million). For the first nine months of 2013, the profit was DKK 451.4 million (DKK 133.2 million).

The total volumes harvested in Q3 2013 were 11,335 tonnes gutted weight (9,730 tgw). The total harvested volumes the first nine months of 2013 were 30,171 tonnes gutted weight (31,297 tgw).

Bakkafrost transferred 2.8 million smolts in Q3 2013 (3.6 million), which is in line with the company's plans. Year to date 6.7 million have been transferred (8.4 million). The smolt release is less in 2013, compared to 2012, due to available sites for smolt release.

The 28th of October 2013, Bakkafrost announced the suspicion of *Neoparamoeba perurans* at a Bakkafrost farming site in Fuglafjørður. Further PCR analysis carried out by the Faroese Food- and Veterinary Authorities have detected the presence of *Neoparamoeba perurans*. The *Neoparamoeba perurans* agent is known to be able to cause amoeba gill disease (AGD). A number of other sites in the Faroes have been examined and *Neoparamoeba perurans* has been detected on 3 other sites, of which Bakkafrost owns one. The detected sites will be treated with Hydrogen Peroxide. Bakkafrost and the other farming companies in the Faroes have equipment and employees with skills and experience in using Hydrogen Peroxide. Hydrogen Peroxide is often used as treatment against sea lice. There has been no increase in mortality and not observed any disease outbreak on any of the detected sites.

Bakkafrost and the other farmers in the Faroe Islands will work with the Faroese Food- and veterinary authority to avoid the introduction of the AGD.

The combined farming and VAP segment made an operational EBIT of DKK 168.0 million (DKK 78.5 million) in Q3 2013. For the first nine months of 2013 the combined farming and VAP segment made an operational EBIT of DKK 427.0 million (DKK 215.2 million).

The farming segment made an operational EBIT of DKK 187.5 million (DKK 75.0 million). The reason for the improved result is a combination of improved spot prices and higher harvested volumes. For the first nine months of 2013, the operational EBIT was DKK 511.6 million (DKK 189.7 million).

As expected, the VAP segment had a loss on its operations in Q3 due to high salmon spot prices. The VAP segment made an operational EBIT of DKK -19.6 million (DKK 3.4 million) for Q3 2013. For the first nine months of 2013, the accumulated losses amount to DKK -84.6 million (DKK 25.5 million). There is normally a time lag between the changes in the spot prices and the changes in the contract prices. Therefore, typically the VAP segment has losses the first quarters in a longer period with increasing salmon prices.

The third segment – fishmeal, oil and feed – made an operational EBITDA of DKK 48.8 million (DKK 41.3 million) in Q3 2013 and for the first nine months of 2013 the operational EBITDA amounted to DKK 104.4 million (DKK 66.1 million). The increase in the EBITDA is primarily due to higher production of fishmeal and fish oil.

In Q3 2013, Havsbrún sourced 68 thousand tonnes of raw material (8 thousand tonnes), and for the first nine months of 2013 the raw material intake was 142 thousand tonnes (38 thousand tonnes).

The Bakkafrost Group had a net interest bearing debt at the end of Q3 2013 amounting to DKK 736.9 million (DKK 806.9 million at year-end 2012) and had undrawn credit facilities of approx DKK 600.7 million, of which DKK 15.0 million are restricted.

Bakkafrost's equity ratio is 52%, compared to 49% at the end of 2012. Bakkafrost paid out DKK 97.7 million in dividend in Q2 2013.

On 14 February 2013, Bakkafrost issued unsecured bonds at a total nominal value of NOK 500,000,000; the issue date was 14 February 2013. The bonds were listed on the market on 3

May 2013. The interest rate is NIBOR 3 months plus a margin of 4.15 %. The bonds are measured at fair value at initial recognition. The bonds mature five years from the issue date at their nominal value.

In Q2, all full-time employees from 2012, still employed at Bakkafrost, have received bonus shares with a total value of 2% of paid out salary in

2012. In total Bakkafrost has allocated 45,957 shares to its employees at a fair value on DKK 3,206 million. The grant date was on 22 May 2013 and the share price was DKK 69.65 (NOK 69.75) per share.

Segment performance per harvested kg salmon

	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Operational EBIT/kg harvested				
Farming EBIT/kg (DKK)	16.54	7.71	16.96	6.06
Farming EBIT/kg (NOK)	17.59	7.65	17.02	6.12
VAP EBIT/kg (DKK)	-4.66	0.95	-6.36	2.21
VAP EBIT/kg (NOK)	-4.96	0.94	-6.38	2.23

Smolt transfer

Bakkafrost Group						
1,000 pieces	2008	2009	2010	2011	2012	2013E
Farming North, <i>salmon</i>	3,200	4,000	4,100	5,000	6,500	5,000
Farming West, <i>trout</i>	700	300	0	0	0	0
Farming West, <i>salmon</i>	1,400	2,100	4,100	2,600	4,200	5,000
Viking	0	1,700	1,800	1,000	0	0
Total	5,300	8,100	10,000	8,600	10,700	10,000

Financial Review

(Figures in parenthesis refer to the same period in 2012)

Income Statement

The operating revenues amounted to DKK 741.0 million in Q3 2013 (DKK 457.1 million). The increase is due to improved sale on all reporting segments. For the first nine months of 2013, the operating revenues amounted to DKK 1,824.4 million (DKK 1,273.5 million).

Operational EBIT was DKK 186.8 million in Q3 2013 (DKK 86.2 million). The increase is most of all due to higher margins in the farming segment because of higher spot prices and increased harvested volumes. However, the performance in the fish oil and feed segment has also improved. For the first nine months of 2013, the operational EBIT was DKK 461.1 million (DKK 223.9 million).

A negative fair value adjustment of the Group's biological assets has been recognised in Q3 2013 amounting to DKK -12.7 million (DKK -32.4 million). For the first nine months of 2013, the fair value adjustment is DKK 21.2 million (DKK -23.1 million).

Bakkafrost has reversed provisions, made in previous periods, for onerous contracts of DKK 66.9 million in Q3 (DKK 0 million). The original provisions were made, based on estimated losses on long term fixed price contracts for deliveries of value added salmon products. However, at the end of Q3, the estimated losses are lower, and therefore some provisions are reversed. For the first nine months of 2013 Bakkafrost has reversed provisions amounting to DKK 39.8 million (DKK 0 million).

Income from associated companies in Q3 2013 amounted to DKK 0.4 million (DKK -11.7 million).

The amount relates mainly to a profit from Faroe Farming, in which Bakkafrost holds 49%, while there is a loss in Hanstholm Fiskemelsfabrik, in which Bakkafrost has a shareholding of 39.9%. For the first nine months of 2013, income from associates was DKK 12.5 million (DKK -14.8 million).

Net interests in Q3 2013 were DKK -2.8 million (DKK -3.2 million). In Q3 there is posted a positive unrealised exchange rate adjustment of DKK 8.7 million mainly related to the bond loan of NOK 500 million. For the first nine months of 2013 net interests were DKK 18.8 million (DKK -13.1 million) including a positive unrealised net exchange difference of DKK 39.1 million.

Net taxes in Q3 2013 amounted to DKK -44.5 million (DKK -8.6 million). For the first nine months of 2013, net taxes amounted to DKK -102.1 million (DKK -35.6 million).

The result for Q3 2013 for the continuing operations was DKK 199.6 million (DKK 12.7 million). The result for the first nine months of 2013 for the continuing operations was DKK 451.4 million (DKK 119.7 million).

The result after tax for Q3 2013 for the discontinuing operations was DKK 0 million (DKK 13.1 million) and DKK 0 million (DKK 13.5) for the first nine months of 2013.

For Q3 2013 the result was DKK 199.6 million (DKK 25.8 million) and for the first nine months of 2013 the result was DKK 451.4 million (DKK 133.2 million).

Harvested volumes

	Q3	Q3	YTD	YTD
Harvested volumes (t _{gw})	2013	2012	2013	2012
Farming North	6,995	6,792	21,098	16,040
Farming West	4,340	2,938	9,073	15,257
Total harvested volumes (t_{gw})	11,335	9,730	30,171	31,297
Faroe Farming (discontinuing operation)	0	1,384	0	2,557
Total harvested volumes (t_{gw})	11,335	11,114	30,171	33,854

Segments

Bakkafrost has three operating segments: one farming segment, one segment for value added products (VAP) and one segment for the fishmeal,

fish oil, and fish feed production. Fresh/frozen salmon is sold in the spot market, while VAP products are sold on long-term contracts.

Distribution of harvested volume (tgv)	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Harvested volume used in VAP production	37%	37%	44%	37%
Harvested volume sold fresh/frozen	63%	63%	56%	63%
Harvested and purchased volume (tgv)	100%	100%	100%	100%

Of the total harvested volumes in Q3 2013, 37% (37%) went for the production of VAP products and 63% (63%) were sold as whole gutted salmon in Q3 2013. For the first nine months of 2013 the same allocation was 44% (37%) and 56% (63%).

Farming:

The operating revenue for Bakkafrost's farming segment was DKK 520.3 million in Q3 2013 (DKK 327.4 million) and DKK 1,465.6 million for the first nine months of 2013 (DKK 936.7 million).

Operational EBIT, which is EBIT before fair value adjustments on biological assets, amounted to DKK 187.5 million in Q3 2013 (DKK 75.0 million), and for the first nine months of 2013 it was DKK 511.6 million (DKK 189.7 million).

Operational EBIT/kg for the farming segment was DKK 16.54 (NOK 17.59) in Q3 2013, compared to DKK 7.71 (NOK 7.65) in Q3 2012. The salmon prices in Q3 2013 have been stronger than in Q3 2012 and thus higher margins per kilo. Operational EBIT/kg for the first nine months of 2013 was DKK 16.96 (NOK 17.02), compared to DKK 6.06 (NOK 6.12) for the first nine months of 2012.

Value Added Products (VAP):

The operating revenue for the value added segment amounted to DKK 147.7 million in Q3 2013 (DKK 121.4 million). For the first nine months of 2013, the revenue was DKK 463.6 million (DKK 372.5 million). The increase in the revenue from Q3 2012 to Q3 2013 is 22%, while the volumes that went for VAP products only increased by 15%.

Operational EBIT amounted to DKK -19.6 million in Q3 2013 (DKK 3.4 million), corresponding to an

operational EBIT of DKK -4.66 (NOK -4.96) per kg gutted weight in Q3 2013, compared to DKK 0.95 (NOK 0.94) per kg gutted weight in Q3 2012. The decrease in the operational EBIT margins is due to higher salmon spot prices. The VAP segment acquires its raw material (fresh salmon) at spot prices each week. For the first nine months of 2013, operational EBIT amounted to DKK -84.6 million (DKK 25.5 million), corresponding to an operational EBIT of DKK -6.36 (NOK -6.38) per kg gutted weight in Q3 2013, compared to DKK 2.21 (NOK 2.23) per kg gutted weight in Q3 2012.

Fishmeal, Fish Oil and Fish Feed:

The operating revenue for the fishmeal, fish oil and fish feed segment amounted to DKK 422.3 million (DKK 300.0 million) in Q3 2013, of which DKK 211.5 million represents sales to Bakkafrost's farming segment corresponding to 50.0% (68.2%). For the first nine months of 2013 the revenue was DKK 830.5 million (DKK 641.2 million), of which DKK 480.6 million represents sales to Bakkafrost's farming segment corresponding to 57.9% (65.9%).

Operational EBITDA was DKK 48.8 million (DKK 41.3 million) in Q3 2013, and the operational EBITDA margin was 11.55% (13.76%). For the first nine months of 2013 the EBITDA was DKK 104.4 million (DKK 66.1 million), and the margin was 12.57% (10.31%).

Sales of feed amounted to 31,961 tonnes (30,290 tonnes) in Q3 2013, of which the farming segment internally used 23,681 tonnes (21,093 tonnes). For the first nine months of 2013, the feed sale was 65,063 tonnes (66,351 tonnes). The internal sale was 49,084 tonnes (45,296 tonnes).

Statement of Financial Position

(Figures in parenthesis refer to end 2012)

The Group's total assets as of end Q3 2013 amounted to DKK 3,004.2 million, compared to DKK 2,570.9 million at the end of 2012.

The Group's intangible assets amounted to DKK 294.7 million at the end of Q3 2013 (DKK 293.7 million) and comprise primarily the fair value of acquired farming licences. No licences in the North region are recorded with a value in the Bakkafrost accounts. The increase of DKK 1 million is due to goodwill in connection with the acquisition of Faroe Seafood UK Ltd., now Bakkafrost UK Ltd.

Property, plant and equipment amounted to DKK 850.3 million at the end of Q3 2013, compared to DKK 812.8 million at the end of 2012. In Q3 2013 Bakkafrost made investments in PP&E amounting to DKK 39.1 million and for the first nine months of 2013 DKK 101.3 million.

Non-current financial assets amounted to DKK 109.8 million at the end of Q3 2013, compared to DKK 91.2 million at the end of 2012. The increase in the financial assets relates mainly to the positive result in Faroe Farming, a financial investment.

The Group's carrying amount (fair value) of biological assets amounted to DKK 867.4 million at the end of Q3 2013, compared to DKK 747.0 million at the end of 2012. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 202.2 million, compared to DKK 181.1 million at the end of 2012.

The Group's total inventories amounted to DKK 311.3 million as of end Q3 2013, compared to DKK 242.9 million at year-end 2012. The inventory primarily represents Havsbrún's inventory of fishmeal, fish oil and fish feed, in addition to feed at the feed stations, packing materials and other raw materials. Due to higher raw material intake at Havsbrún in 2013, than in 2012, the increase in the inventories of around DKK 70 million relates primarily to Havsbrún's inventory.

The Group's total receivables amounted to DKK 405.2 million as of end Q3 2013, compared to DKK 358.4 million at the end of 2012. The increase is primarily due to seasonal increase in accounts receivables. On the other hand there is a decrease in receivables from an associated company.

The Group's equity as at 30th September 2013 is DKK 1,567.3 million, compared to DKK 1,262.9 million at the end of 2012. The change in equity for the first nine months of 2013 primarily consists of the profit for the period, a negative fair value adjustment to a currency-/interest rate swap related to the bond financing and payment of dividend to the shareholders. Bakkafrost paid out DKK 97.7 million in dividend in Q2 2013.

The Group's total non-current liabilities amounted to DKK 1,150.4 million at the end of Q3 2013, compared to DKK 990.4 million at the end of 2012. Deferred and other taxes amounted to DKK 349.6 million, compared to DKK 258.4 million at the end of 2012. Long-term debt was DKK 800.7 million at the end of Q3 2013, compared to DKK 731.9 million at the end of 2012.

Bakkafrost's interests bearing debt consists of two bank loans and a bond loan. The bank loans are one instalment loan of DKK 325 million, payable with DKK 25 million each quarter, and one loan payable in 2016 with the full amount of DKK 553 million. The bond loan of NOK 500 million was issued at 14 February 2013 and is payable in full after five years at 14 February 2018. The interest rates of the bonds are NIBOR 3m + 4.15%. Following the issuance of the bonds, Bakkafrost has entered into a currency/interest rate swap, hedging the exchange rate and 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 2013, the Group's total current liabilities are DKK 286.5 million, compared to DKK 317.6 million at the end of 2012. 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 186.5 million, compared to DKK 217.6 million at the beginning of the year.

Bakkafrost's equity ratio is 52%, compared to 49% at the end of 2012.

Cash Flow

The cash flow from operations in Q3 2013 was DKK 130.6 million (DKK -53.3 million). The Cash flow from operations was aggravated primarily by an increase in receivables amounting to DKK 76.0 million. For the first nine months of 2013, the cash flow from operations was DKK 330.4 million (DKK 181.8 million).

The cash flow from investment activities in Q3 2013 amounted to DKK -38.4 million (DKK 14.6 million). The amount relates primarily to investments in fixed assets. For the first nine months of 2013, the cash flow from investments amounts to DKK -107.7 million (DKK -22.2 million).

Cash flow from financing activities totalled DKK -15.4 million in Q3 2013 (DKK -0.4 million). The

interest bearing debt decreased by DKK 12.9 million, and changes in financing of associated companies contributed negatively with DKK -22.4 million. For the first nine months of 2013 cash flow from financing amounted to DKK -83.9 million (DKK -166.7 million).

Net change in cash flow in Q3 2013 amounted to DKK 76.8 million (DKK -39.1 million) and for the first nine months of 2013 DKK 138.8 million (DKK -7.2 million).

At the end of Q3 2013 Bakkafrost had unused credit facilities of approximately DKK 600.7 million of which DKK 15.0 million are restricted.

Outlook

MARKET

The outlook for the salmon market is good. The global supply of salmon in 2013 is expected to increase by 3%, compared to 2012, also low increase is expected for 2014. Historically the demand for salmon has increased 6-7% per year, theoretically resulting in higher salmon prices in 2013 and 2014. The average NOS (Independent exporters purchase price, spot from farmers) price in Q3 2013 was NOK 39.22 pr. kg, compared to NOK 25.69 pr. kg in Q3 2012.

Bakkafrost expects to sell around 60% of the harvested volume of salmon in the spot market in 2013 and around 40% as VAP. 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. Bakkafrost's strategy of selling 40% to 50% of the harvested volume on contracts reduces the fluctuations in the selling prices. The sales of value added products are based on fixed contracts normally lasting between 6 to 12 months, while the whole gutted salmon is sold in the spot market. The market for contracted VAP products follows a more stable pattern with trends instead of short-term fluctuations.

FARMING

Bakkafrost expects to harvest around 42,500 tonnes gutted weight in 2013, compared to previously guided 45,000 tonnes gutted weight. Due to some postponed harvest, from Q4 2013 to Q1 2014, the total harvest in 2014 is expected to reach 47,000 tonnes gutted weight. This means that Bakkafrost will harvest approx 12,300 tonnes gutted weight in Q4 2013.

Faroe Farming, which Bakkafrost holds 49% in, expects to harvest 5,800 tonnes, compared to previously estimated 4,500 tonnes in 2013. An increase of 1,300 tonnes gutted weight. This means that Faroe Farming will harvest around 1,600 tonnes in Q4 2013.

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 2013 is unchanged at 10 million smolts, which is slightly less than in 2012, due to available sites for smolt release in 2013.

The estimates for harvesting volumes and smolt releases, is as always dependent on the biological situation in the Faroe Islands. The overall biological situation in the Faroe Islands is good, but the detection of *Neoparamoeba perurans* in the Faroes is a new risk to handle. The number of sea lice is lower than in previous years after a coordinated treatment in the whole Faroese farming area during 2013. The number has been significantly lower during the summer, compared to previous years.

Value added products (VAP)

Bakkafrost has committed all the VAP capacity for 2013. So far, below 10% of the VAP capacity has been contracted for 2014.

The salmon spot prices have been significantly higher in 2013, compared to 2012. This has affected the earnings in the VAP segment, as the contracts prices have been lagging behind the increase in the spot prices. In the short term, this might continue, but it is expected that the contract prices will be on a significant higher level in 2014 than in 2013.

Fish oil, -meal and feed

The major market for Havsbrún's fish feed is the local Faroese market. It is expected that the total consumption of fish feed in the Faroe Islands will be approximately 90,000 tons in 2013. Depending on the purchase from external costumers in the Faroe Islands and abroad, the sale of fish feed will be approximately 85,000 tonnes.

Due to more raw materials available, Havsbrún has increased the production of fishmeal and fish oil in 2013, compared to 2012. With increasing quotas for Blue whiting in the North Atlantic in 2014 together with test fishing of local Norway pout and off-cuts from the processing industry, the access to raw material has improved. 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.

Investments

In July 2013, Bakkafrost announced a five-year plan for optimising its value chain, resulting in savings, increased production and reduced biological risk. The yearly investments amount to DKK 170 million per year, including maintenance investments of DKK 80-90 million per year. In addition to the yearly investments of DKK 170 million, Bakkafrost will invest in a new well boat operated by Bakkafrost, estimated to DKK 230 million. Thus, the total investments will exceed DKK 1 billion for the 5-year period.

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 futures consumers' trends and to be more end-customer orientated.

All business activities will be retained, but the key changes to the value chain are the new state of the art Harvest/Packaging/VAP factory. The investments for the Glyvrrar factory amounts to DKK 300-350 million and will result in savings of DKK 50-70 million per year, when the plan is fully implemented in 2017. Furthermore, the Glyvrrar factory will increase the production capacity, flexibility and expand the product range. Today, Bakkafrost operates two plants for production of styropore boxes (Packaging), three harvesting sites (Harvest), two well boats for transportation of live fish and two VAP factories (VAP). All in all seven plants will be merged into one new integrated plant.

In addition to the new Glyvrrar factory, Bakkafrost will build a new 3,000 m³ well boat, owned and operated by Bakkafrost. The shipbuilding contract has been signed, and the well boat is planned to be delivered in 2015. This investment will increase capacity, reduce biological risk and increase quality, fish welfare and flexibility.

Another part of the plan is related to organic growth. The plan is to increase the smolt production in terms of number and size of the smolts. The first part is carried out now and will be finished around year-end 2013. After this, Bakkafrost will be self-supplied with smolts at an average weight of 100gram. The second part is planned to be carried out in 2015 and comprises investments to increase the average size of the smolts. The idea is to increase the average weight from 100gram to around 130-150gram. This will result in shorter production time at sea and reduce the biological risk. By doing this, Bakkafrost is able to increase the production within the existing licenses.

In the Farming division, the plan is to increase the capacity and the fish welfare by being able to farm salmon in more weather exposed areas with better water conditions. Finally, Bakkafrost plans to increase the salmon feed production. This investment is planned to take place in 2017.

The investments will be financed with cash flow from operations by the company's existing financing facilities, and partly with additional financing, if this is considered beneficial. Bakkafrost's dividend policy will be unchanged.

To reduce Bakkafrost's financial risk, the investments are not interdependent and will be made independent of each other. The investment in the well boat and the new harvesting plant are, to some extent, dependent on each other, as a new

well boat cannot be fully utilized without one large harvesting plant. The commitment for the other investments will be carried out project by project during the coming years.

Financial

Improved market balances in the world market for salmon products and costs effective production will likely improve the financial flexibility going forward.

Risks

In addition to the risks described in the 2012 Annual and Consolidated Report and Accounts, Bakkafrost announced the 28th of October 2013 suspicion of Neoparamoeba perurans at a Bakkafrost farming site. Further PCR analysis carried out by the Faroese Food- and Veterinary Authorities have detected the presence of Neoparamoeba perurans. The Neoparamoeba perurans agent is known to be able to cause amoeba gill disease (AGD). A number of other sites in the Faroes have been examined and Neoparamoeba perurans has been detected on 3 other sites, of which Bakkafrost owns one. The detected sites will be treated with Hydrogen Peroxide. Bakkafrost and the other farming companies in the Faroes have equipment and employees with skills and experience in using Hydrogen Peroxide. Hydrogen Peroxide is often used as treatment against sea lice. There has been no increase in mortality and

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.

not observed any disease outbreak on any of the detected sites but the detection of Neoparamoeba perurans agent has increased the biological risk.

Other risks are described in the 2012 Annual and Consolidated Report and Accounts, which is available on request from Bakkafrost and on Bakkafrost's website, www.bakkafrost.com.

Bakkafrost is, as explained in the 2012 Annual and Consolidated Report and Accounts, exposed to the salmon price. We expect that the salmon prices spot prices will be higher in 2013, compared to 2012.

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

Post-Balance Sheet Events

From the date of the statement of financial position until today, the following event have occurred.

The 28th of October 2013, Bakkafrost announced the suspicion of Neoparamoeba perurans at a Bakkafrost farming site in Fuglafjørður. Further PCR analysis carried out by the Faroese Food- and Veterinary Authorities have detected the presence of Neoparamoeba perurans. The Neoparamoeba perurans agent is known to be able to cause amoeba gill disease (AGD). A number of other sites in the Faroes have been examined and Neoparamoeba perurans has been detected on 3 other sites, of which Bakkafrost owns one. The detected sites will be treated with

Hydrogen Peroxide. Bakkafrost and the other farming companies in the Faroes have equipment and employees with skills and experience in using Hydrogen Peroxide. Hydrogen Peroxide is often used as treatment against sea lice. There has been no increase in mortality and not observed any disease outbreak on any of the detected sites.

Bakkafrost and the other farmers in the Faroe Islands work with the Faroese Food- and veterinary authority to avoid the introduction of the suspected AGD.

Glyvrar, November 5th 2013

The Board of Directors of P/F Bakkafrost

Consolidated Income Statement

For the period ended 30th September 2013

DKK 1,000	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Operating revenue	741,134	457,147	1,824,437	1,273,482
Purchase of goods	-277,983	-260,789	-847,491	-535,244
Change in inventory and biological assets (at cost)	-37,258	85,493	154,757	33,837
Salary and personnel expenses	-53,550	-46,719	-168,940	-149,118
Other operating expenses	-163,981	-128,833	-437,792	-339,499
Depreciation	-21,600	-20,089	-63,832	-59,580
Operational EBIT	186,762	86,210	461,139	223,878
Fair value adjustments on biological assets	-12,749	-32,420	21,168	-23,094
Onerous contracts	66,935	0	39,777	0
Income from associates	409	-11,731	12,543	-14,829
Loss from sale of subsidiary	0	-17,546	0	-17,546
Earnings before interest and taxes (EBIT)	241,357	24,513	534,627	168,409
Financial income	1,786	1,289	3,784	1,958
Net interest expenses	-6,762	-4,822	-20,784	-16,340
Net currency effects	8,665	934	39,106	2,933
Other financial expenses	-938	-625	-3,324	-1,612
Earnings before taxes (EBT)	244,108	21,289	553,409	155,348
Taxes	-44,478	-8,583	-102,057	-35,647
Profit or loss for the period continuing operations	199,630	12,706	451,352	119,701
Discontinued operations				
Profit or loss from discontinued operations, after tax	0	13,120	0	13,463
Profit or loss for the period	199,630	25,826	451,352	133,164
Profit or loss for the year attributable to				
Non-controlling interests	0	0	0	0
Owners of P/F Bakkafrost	199,630	25,826	451,352	133,164
Earnings per share (DKK), continuing operations	4.09	0.53	9.24	2.20
Earnings per share (DKK), discontinuing operations	0.00	0.27	0.00	0.01
Diluted earnings per share (DKK), continuing operations	4.09	0.53	9.24	2.20

Consolidated Statement of Comprehensive Income

For the period ended 30th September 2013

DKK 1,000	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Profit for the period	199,630	25,826	451,352	133,164
Fair value adjustment on financial derivatives	-16,332	0	-57,218	-143
Income tax effect	1,369	0	8,728	0
Fair value adjustment on purchased non-controlling interests	0	0	0	1,634
Adjustment treasury shares	-26	0	-843	0
Fair value adjustment on securities available for sale	0	0	0	-90
Income tax effect	0	0	0	0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-14,989	0	-49,333	1,401
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	0	0	0	0
Other comprehensive income	-14,989	0	-49,333	1,401
Total other comprehensive income for the period	184,641	25,826	402,019	134,565

Consolidated Statement of Financial Position

As of 30th September 2013

DKK 1,000	30 Sept 2013	End 2012
ASSETS		
Non-current assets		
Intangible assets	294,675	293,675
Property, plant and equipment	850,277	812,768
Financial assets	109,846	91,212
Long term receivables	1,669	0
Total non-current assets	1,256,467	1,197,655
Current assets		
Biological assets (biomass) (See note 4)	867,440	746,958
Inventory	311,320	242,898
Total inventory	1,178,760	989,856
Accounts receivable	290,259	212,357
Other receivables	114,902	145,998
Total receivables	405,161	358,355
Cash and cash equivalents	163,821	25,045
Total current assets	1,747,742	1,373,256
TOTAL ASSETS	3,004,209	2,570,911

Consolidated Statement of Financial Position

As of 30th September 2013

DKK 1,000	30 Sept 2013	End 2012
EQUITY AND LIABILITIES		
Equity		
Share capital	48,858	48,858
Other equity	1,518,469	1,214,054
Total equity	1,567,327	1,262,912
Non-current liabilities		
Deferred taxes and other taxes	349,646	258,441
Long-term interest bearing debts	800,719	731,948
Total non-current liabilities	1,150,365	990,389
Current liabilities		
Short-term interest bearing debt	100,000	100,000
Accounts payable and other debt	186,517	217,610
Total current liabilities	286,517	317,610
Total liabilities	1,436,882	1,307,999
TOTAL EQUITY AND LIABILITIES	3,004,209	2,570,911

Consolidated Cash Flow Statement

For the period ended 30th September 2013

DKK 1,000	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Earnings before interest and taxes (EBIT)	241,357	24,513	534,627	168,409
Adjustments for write-downs and depreciation	21,600	20,089	63,832	59,580
Adjustments for value adjustments on biomass	12,749	32,420	-21,168	23,094
Adjustments for income from associates	-409	11,731	-12,543	14,829
Adjustments for currency effects*	8,665	934	39,106	2,933
Adjustments for loss from sale of subsidiary	0	17,546	0	17,546
Taxes paid	0	2,878	0	0
Provision for onerous contracts	-66,935	0	-39,777	0
Change in inventory	-27,481	-112,361	-167,738	-62,549
Change in receivables	-76,021	-88,300	-97,606	-98,112
Change in current debts	17,072	37,212	31,668	56,027
Cash flow from operations	130,597	-53,338	330,401	181,757
Cash flow from investments				
Acquisition/sale of subsidiaries and activities, etc., net	0	46,843	0	46,843
Payments made for purchase of fixed assets	-39,060	-32,235	-101,341	-69,075
Purchase of shares and other investments	0	0	-7,253	0
Change in long-term receivables	687	0	909	0
Cash flow from investments	-38,373	14,608	-107,685	-22,232
Cash flow from financing				
Change of interest bearing debt (short and long)	12,909	121,405	12,922	45,543
Acquisition of minorities	0	0	0	-30,000
Financial income*	1,786	1,701	3,784	1,958
Financial expenses	-7,700	-6,097	-24,108	-17,952
Financing of associate	-22,433	-117,369	21,064	-117,369
Dividend paid	0	0	-97,602	-48,858
Cash flow from financing	-15,438	-360	-83,940	-166,678
Cash flow from discontinuing operations				
Net cash from operating activities	0	24,059	0	2,180
Net cash used for investing activities	0	0	0	-1,241
Net cash used for financing activities	0	-24,059	0	-939
Net cash from discontinuing operations	0	0	0	0
Net change in cash and cash equivalents in period	76,786	-39,090	138,776	-7,153
Cash and cash equivalents – opening balance	87,035	48,805	25,045	16,868
Cash and cash equivalents – closing balance total	163,821	9,715	163,821	9,715

* A reclassification is made of adjustments for currency effects and financial income in Q1 2013 of DKK 7,369 thousand. The correction was incorporated into the cash flow statement for Q2 2013. Comparing figures for 2012 were adjusted accordingly.

Consolidated Statement of Changes in Equity

As of 30th September 2013

DKK 1,000	30 Sept 2013	30 Sept 2012
Total equity 01.01	1,262,911	1,061,010
Profit for the period to equity	451,352	133,163
Adjustment to 01.01	0	-558
Fair value adjustment on financial derivatives	-57,219	-143
Income tax effect	8,728	0
Treasury shares	-843	0
Reversal of fair value adjustment on securities available for sale	0	-90
Fair value adjustment on purchased non-controlling interests	0	1,634
Total other comprehensive income	-49,334	1,401
Proposed dividend	0	0
Total proposed dividend	0	0
Total recognised income and expense to equity	402,018	134,006
Equity transactions between the Company and its Shareholders		
Acquisition of minorities	0	-31,634
Equity decrease by acquisition of minorities	0	-31,634
Distribution of dividend	-97,602	-48,858
Proposed dividend	0	0
Dividend distribution	-97,602	-48,858
Total change in equity during the period	304,416	53,514
Non-controlling interests at the end of the period	0	0
Total equity at the end of the period	1,567,327	1,114,524

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 31st December 2012 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 2012.

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 2012.

Bakkafrost issued bonds in Q1 2013; the bonds are measured at fair value.

In Q1 2013, the Bakkafrost Group entered into an agreement on using interest rate swap contracts and forward currency settlement contracts as hedges of its exposure to foreign currency risk and interest expenses and instalment payments in foreign currencies. The hedges are considered to be cash flow hedges.

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve.

Amounts recognised as other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss and when financial liabilities are settled, such as when the hedged financial income or financial expense is recognised.

If the forecast transactions or commitments are no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until firm commitment affects profit or loss, or settlement payments are made.

Note 3. Estimates and risk exposure

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognised amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets and some financial instruments, which are measured at fair value. Estimates and underlying assumptions are reviewed on an 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 2012.

Bakkafrost announced the 28th of October 2013 suspicion of Neoparamoeba perurans at a Bakkafrost farming site. Further PCR analysis carried out by the Faroese Food- and Veterinary Authorities have detected the presence of Neoparamoeba perurans. The Neoparamoeba perurans agent is known to be able to cause amoeba gill disease (AGD). A number of other sites in the Faroes have been examined and Neoparamoeba perurans has been detected on 3 other sites, of which

Bakkafrost owns one. The detected sites will be treated with Hydrogen Peroxide. Bakkafrost and the other farming companies in the Faroes have equipment and employees with skills and experience in using Hydrogen Peroxide. Hydrogen Peroxide is often used as treatment against sea lice. There has been no increase in mortality and not observed any disease outbreak on any of the detected sites but the detection of Neoparamoeba perurans agent has increased the biological risk.

For other risk exposure, reference is made to the Management Statement in the Annual Report for 2012, where Bakkafrost's operational and financial risk is described, as well as to Note 20 (Financial market risk) in the same report.

The risks and uncertainties described therein are expected to remain. Since the issuance of the Annual Report for 2012, the markets have been strong and we have seen increased salmon prices.

Except for the management related to the detection of Neoparamoeba perurans, the overall risk management is unchanged.

Note 4. Biomass

DKK 1,000	30 Sept 2013	End 2012
Biological assets carrying amount 01.01	746,958	700,336
Increase due to production or purchases	794,730	847,756
Reduction due to harvesting or sale (costs of goods sold)	-684,293	-767,828
Fair value adjustment at the beginning of the period reversed	-181,050	-86,037
Fair value adjustments at the end of the period	202,218	181,050
Biological assets sold	0	-130,752
Reversal of elimination at the beginning of the period	23,889	26,322
Eliminations	-35,012	-23,889
Biological assets carrying amount at the end of the period	867,440	746,958
Cost price biological assets	685,447	576,611
Capitalised interest	14,787	13,186
Fair value adjustments at the end of the period	202,218	181,050
Eliminations	-35,012	-23,889
Biological assets carrying amount	867,440	746,958

Note 5. Segments

Farming segment DKK1,000	Q3 2013	Q3 2012	YTD 2013	YTD 2012
External revenue	382,605	240,413	1,010,996	682,646
Internal revenue	137,672	86,995	454,642	254,040
Total revenue	520,277	327,408	1,465,638	936,686
Operating expenses	-319,086	-239,859	-913,710	-709,853
Depreciation and amortisation	-13,688	-12,533	-40,371	-37,122
Operational EBIT	187,503	75,016	511,557	189,709
Fair value adjustments on biological assets	-12,749	-32,420	21,168	-23,094
Income from associates	803	-17,546	-780	-17,546
Earnings before interest and taxes (EBIT)	175,557	25,050	531,945	149,069
Net interest	6,435	-6,946	21,577	-18,925
Earnings before taxes (EBT)	181,992	18,104	553,522	130,144
Taxes	-28,997	-3,062	-92,708	-24,011
Profit for the period (continuing operations)	152,995	15,042	460,814	106,133
Profit or loss from discontinued operations, after tax	0	13,120	0	13,463
Profit or loss for the period	152,995	28,162	460,814	119,597

Value added products DKK1,000	Q3 2013	Q3 2012	YTD 2013	YTD 2012
External revenue	147,705	121,352	463,578	372,456
Internal purchase of raw material	-137,672	-86,995	-454,642	-254,040
Operating expenses	-27,728	-29,389	-88,256	-88,432
Depreciation and amortisation	-1,867	-1,526	-5,259	-4,481
Operational EBIT	-19,562	3,442	-84,579	25,503
Provision for onerous contracts	66,935	0	39,778	0
Earnings before interest and taxes (EBIT)	47,373	3,442	-44,801	25,503
Net interest	-441	1,025	-9	1,745
Earnings before taxes (EBT)	46,932	4,467	-44,810	27,248
Taxes	-8,448	-804	8,066	-4,905
Result for the period, continuing operations	38,484	3,663	-36,744	22,343

Fishmeal, Fish Oil and Fish Feed	Q3	Q3	YTD	YTD
DKK1,000	2013	2012	2013	2012
External revenue	210,824	95,382	349,863	218,379
Internal revenue	211,454	204,664	480,648	422,825
Total revenue	422,278	300,046	830,511	641,204
Purchase of goods	-323,520	-225,393	-609,262	-488,989
Operating expenses	-50,002	-33,381	-116,835	-86,129
Depreciation and amortisation	-6,045	-6,030	-18,202	-17,977
Operational EBIT	42,711	35,242	86,212	48,109
Income from associates	-394	-11,731	13,323	-14,829
Earnings before interest and taxes (EBIT)	42,317	23,511	99,535	33,280
Net interest	-3,243	2,697	-2,786	4,119
Earnings before taxes (EBT)	39,074	26,208	96,749	37,399
Taxes	-7,033	-4,717	-17,415	-6,732
Profit for the period	32,041	21,491	79,334	30,667

Reconciliation of reportable segments to Group earnings before taxes (EBT)	Q3	Q3	YTD	YTD
DKK1,000	2013	2012	2013	2012
Farming (before discontinued operations)	181,992	18,104	553,522	130,146
Value added products	46,932	4,467	-44,810	27,249
Fishmeal, Fish Oil and Fish Feed	39,074	26,208	96,749	37,399
Eliminations	-23,890	-27,490	-52,051	-39,443
Group earnings before taxes (EBT)	244,108	21,289	553,409	155,348

Assets and liabilities per segment	Q3	Q3	YTD	YTD
DKK1,000	2013	2012	2013	2012
Farming	2,243,994	2,550,343	2,243,994	2,550,343
Value added products	73,801	61,069	73,801	61,069
Fishmeal, Fish Oil and Fish Feed	693,650	614,249	693,650	614,249
Eliminations	-7,236	-835,735	-7,236	-835,735
Total assets	3,004,209	2,389,926	3,004,209	2,389,926
Farming	-1,265,779	-2,125,047	-1,265,779	-2,125,047
Value added products	-42,003	-11,799	-42,003	-11,799
Fishmeal, Fish Oil and Fish Feed	-624,958	-197,209	-624,958	-197,209
Eliminations	495,858	1,058,653	495,858	1,058,653
Total liabilities	-1,436,882	-1,275,402	-1,436,882	-1,275,402

Note 6. Harvest and Feed Sale

Distribution of harvested volumes (t _{gw})	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Harvested volume used in VAP production	4,196	3,634	13,300	11,559
Harvested volume sold fresh/frozen	7,139	6,096	16,871	19,738
Harvested and purchased volume (t_{gw})	11,335	9,730	30,171	31,297

Harvested volumes (t _{gw})	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Farming North	6,995	6,792	21,098	16,040
Farming West	4,340	2,938	9,073	15,257
Total harvested volumes (t_{gw})	11,335	9,730	30,171	31,297
Faroe Farming (discontinuing operation)	0	1,384	0	2,557
Total harvested volumes (t_{gw})	11,335	11,114	30,171	33,854

Distribution of harvested volumes (t _{gw})	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Harvested volumes used in VAP production	37%	37%	44%	37%
Harvested volumes sold fresh/frozen	63%	63%	56%	63%
Harvested and purchased volumes (t_{gw})	100%	100%	100%	100%

Feed sold volume (tonnes)	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Internal sale	23,681	21,093	49,084	45,296
External sale	8,280	9,197	15,979	21,055
Sold tonnes feed	31,961	30,290	65,063	66,351

Note 7. Discontinuing operation

Sale of controlling interest (51%) in Faroe Farming in 2012

In March 2012, Bakkafrost purchased the non-controlling shares in P/F Faroe Farming, corresponding to 21.93% of the shares in the company. Consequently, Bakkafrost became the sole owner of the shares in P/F Faroe Farming effective from 1st January 2012. The transaction was an equity transaction. Subsequent to the acquisition of the non-controlling interests, Bakkafrost sold 51% of the total shares in P/F Faroe Farming to the Faroese based investment company Sp/F Hjallur.

The transaction was, among other things, subject to authority approval. After receiving the necessary approval, the transaction was finalised. Therefore, Bakkafrost now complies with the legal requirements stipulating a maximum control of 50% of the licenses in the Faroe Islands. Following the requirements in IFRS 10, Faroe Farming is de-recognised from the consolidation at the transaction date and recognised as an associated company according to IAS 28.

Profit and loss for the period	YTD
DKK 1,000	2012
Operating revenue	36,168
Expenses	-35,659
Operational EBIT	509
Fair value adjustments on biological assets	17,033
Earnings before interest and taxes (EBIT)	17,542
Net Financial items	-937
Earnings before taxes (EBT)	16,605
Tax related to current profit/loss	-77
Tax related to fair value	-3,066
Profit or loss for the period discontinuing operations	13,462

Note 8. Business combinations

In December 2012, Bakkafrost decided to acquire the sales company Faroe Seafood UK Limited. Faroe Seafood UK Limited is a trading company in Grimsby, UK, selling primarily salmon but also other species of fish into the UK market. The gross turnover for 2012 was around GBP 4.6 million and a profit before tax of GBP 118 thousand. The company employs a total of 4 people, whereof 3 are in the sales department. Faroe Seafood UK Limited has been trading salmon from Bakkafrost prior to the acquisition. The acquisition will give Bakkafrost the benefit of a direct route to the UK market for Bakkafrost's products. The acquisition

date was set to 01.01.2013. 100% of the shares were acquired.

The total assets (and the fair value) in Faroe Seafood UK Limited amounted to DKK 4.7 million on 31 December 2012. Liabilities amounted to DKK 0, and the equity amounted to DKK 4.7 million. The goodwill on the acquisition date is DKK 1.0 million.

From January 1st 2013, Faroe Seafood UK Limited is consolidated into the Bakkafrost Group.

Note 9. 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 257.0 million. Of which DKK 212 million, is related to the building of a new well boat operated by Bakkafrost.

Note 10. Transactions with related parties

Note 24 in Bakkafrost's Annual Report for 2012 provide detailed information on related parties' transactions.

Faroe Farming, an associated company of Bakkafrost, purchased for DKK 35.1 million from Bakkafrost in Q3 2013, and Bakkafrost purchased raw material amounting to DKK 28.6 million from Faroe Farming. For the first nine months of 2013, Faroe Farming purchased for DKK 70.7 million from Bakkafrost, and Bakkafrost purchased raw material amounting to DKK 143.5 million from Faroe Farming.

At the end of Q3 2013, Faroe Farming owed DKK 86.1 million to the Bakkafrost Group.

Hanstholm Fiskemelsfabrik A/S is a supplier in the feed segment. During Q3 and the first nine months of 2013, Hanstholm Fiskemelsfabrik A/S sold fish-meal and fish oil amounting to DKK 14.6 million to the Bakkafrost Group. At the end of Q3 2013, Hanstholm Fiskemelsfabrik A/S owed Bakkafrost DKK 0 million.

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 11. 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 recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing 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 2013, 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.

As at September 30th 2013, the Group held the following classes of assets/liabilities measured at fair value:

Assets and Liabilities measured at fair value	30 Sept 2013	Level 1	Level 2	Level 3
Assets measured at fair value				
Intangible assets	293,675	0	0	293,675
Financial assets	743	743	0	0
Biological assets (biomass)	867,440	0	867,440	0
Liabilities measured at fair value				
Long-term interest bearing debts	519,100	519,100	0	0

Contacts

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