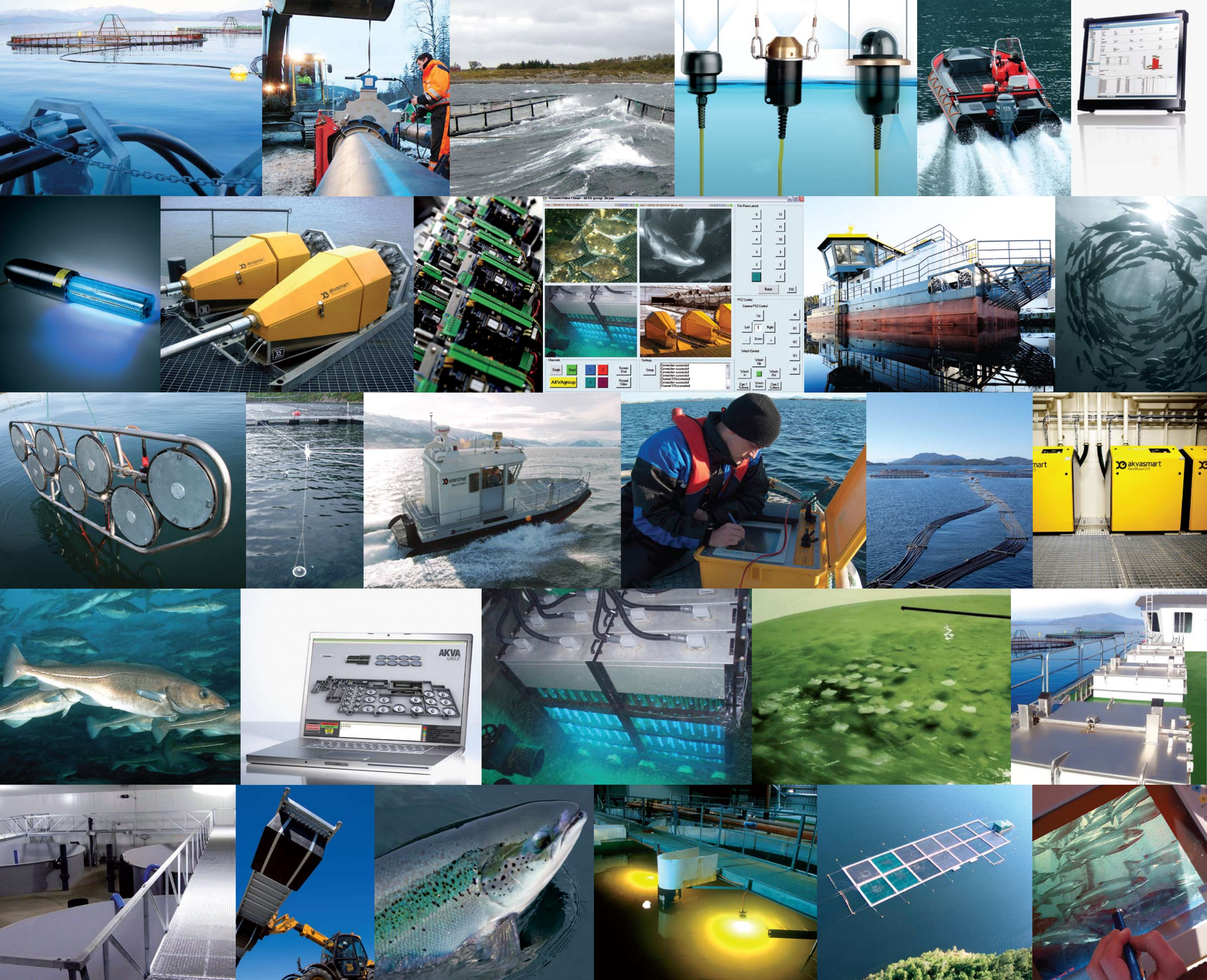
AKVA GROUP

Annual Report **2008**

AKVA group is the global leader in land based- and cage farming aquaculture technology; from single components to sustainable turn-key installations worldwide. With four renowned brands of aquaculture technology, including biological & technical expertise, consultancy, training and services, AKVA group's systems are suitable for most species.

AKVA group's complete range of products and software provides maximum reliability and cost effectiveness, and includes: Recirculation Systems, Plastic Cages, Steel Cages, Feed Barges, Feed Systems, Camera- and Sensor Systems, Net Cleaning Systems, Underwater Lights, Farming and Seafood Software, Boats, and Docks & Marinas.

AKVA group is proud to provide customers with the tools needed to ensure cost effective and sustainable land based and cage farming aquaculture worldwide.


akvasmart
AKVAgroup
AKVA GROUP

Our vision:

“The **global leader**
in aquaculture technology”

AKVA GROUP

Plastic Cages · Steel Cages · Feed Barges · Feed Systems · Recirculation Systems · Camera & Sensor Systems
Farming and Seafood Software · Boats · Docks & Marinas · HDPE Piping · Net Services · Net Cleaning · Underwater Lights

Highlights 2008

- The total revenues for 2008 were 866 MNOK compared to 932 MNOK in 2007. The EBITDA result was 52 MNOK compared to 91 MNOK in 2007. The decline is mainly due to challenging market conditions in the second half of 2008.
- Successful acquisition of Idema Aqua during June 2008 strengthening AKVA groups position as the leading supplier of technology to the fish farming industry.
- Successfully built the position as one of the leading suppliers of aquaculture recirculation technology through 2008 and into 2009.
- The market conditions were challenging in the second half of 2008 and into 2009 due to the prevalent market conditions in the Chilean industry and the global financial turmoil.

Financial key figures

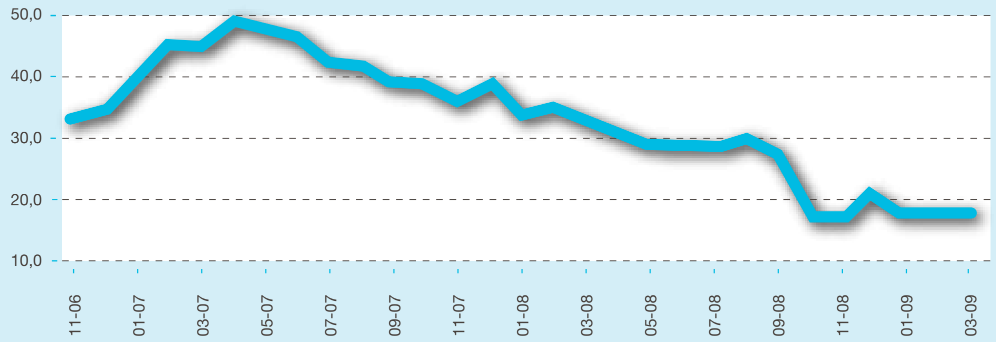
(NOK 1 000)	2008*	2007*	2006*	2005	2004
Profitability					
Revenues	866 525	931 993	703 806	315 962	108 128
EBITDA	52 746	90 669	84 437	19 625	10 386
EBIT	23 274	66 434	63 318	7 882	5 516
Profit before tax	10 792	65 555	59 153	4 641	3 280
Net profit	5 517	53 610	45 667	3 097	2 393
Cash flow from operations**	-12 950	19 311	10 763	5 531	222
EBITDA margin	6,1 %	9,7 %	12,0 %	6,2 %	9,6 %
EBIT margin	2,7 %	7,1 %	9,0 %	2,5 %	5,1 %
Return on capital employed	5,6 %	28,9 %	27,5 %	3,4 %	8,3 %
Return on equity	1,7 %	17,0 %	20,3 %	2,0 %	6,6 %
Financial position					
Fixed assets	295 739	260 908	172 189	191 162	41 148
Current assets	380 472	423 868	351 824	143 750	57 930
Total assets	676 211	684 775	524 013	334 912	99 078
Equity	309 595	336 442	295 008	155 881	34 106
Long-term debt	129 099	109 414	46 621	53 827	25 463
Short-term debt	237 517	238 919	182 384	125 204	39 509
Total equity and liabilities	676 211	684 775	524 013	334 912	99 078
Gross interest-bearing debt	197 488	124 704	56 719	70 208	37 498
Cash and cash equivalents	64 210	98 044	141 463	15 055	7 951
Net interest-bearing debt	149 604	26 660	-84 744	55 153	29548
Working capital	171 726	109 385	58 042	37 371	25 411
Equity ratio	45,8 %	49,1 %	56,3 %	46,5 %	34,4 %
Debt to equity ratio	63,8 %	37,1 %	19,2 %	45,0 %	109,9 %
Share data					
Earnings per share	0,32	3,11	3,26	0,23	0,03
Diluted earnings per share	0,32	3,10	3,26	0,23	0,03
Cash flow per share	2,22	4,71	4,99	1,07	0,30
Dividend per share	-	1,00	-	-	-
Shareholders´equity per share	17,98	19,53	21,05	11,55	1,46
Share price at year-end	20,50	38,90	35,00	n/a	n/a
Market capitalization at year-end	353 069	669 970	602 800	n/a	n/a
Number of shares outstanding at year-end	17 222 869	17 222 869	17 222 869	13 495 783	23 480 922
Average number of shares outstanding	17 222 869	17 222 869	14 016 000	13 495 783	23 384 712

* Proforma figures are showing the consolidated figures from AKVAsmart, Polarcirkel and Wavemaster as if the merger was made 1 January 2005. and the acquisition of Maritech was done as per 1 January 2006

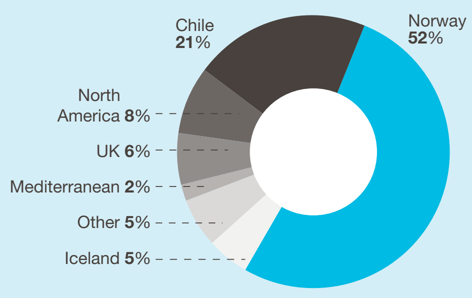
** Legal figures (not pro forma)

AKVA group – **share price development**

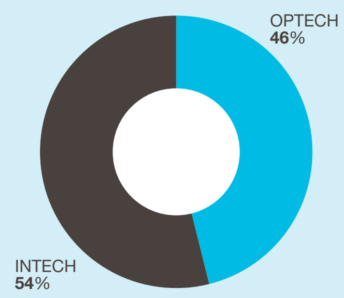
NOK



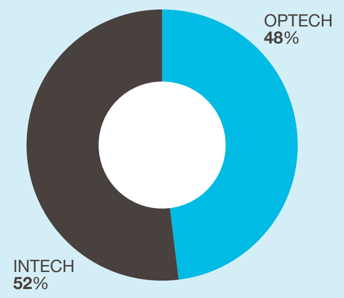
2008 **Geographic segments**



2008 **Revenues**

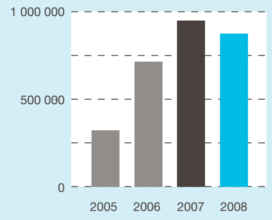


2008 **EBITDA**

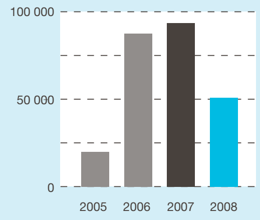


Pro forma figures

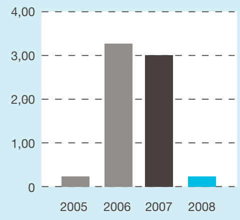
Revenues
in NOK 1 000



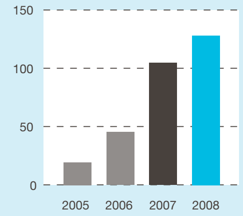
EBITDA
in NOK 1 000



Earnings per share
in NOK

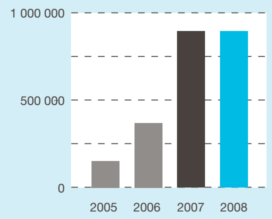


Revenues other species
in NOK 1000

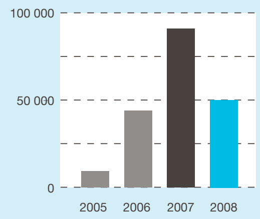


Legal figures

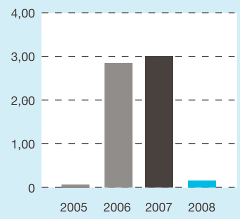
Revenues
in NOK 1 000



EBITDA
in NOK 1 000



Earnings per share
in NOK



Challenging times

IN 2007 WE LAID OUT the strategic plan and direction for AKVA group towards 2015. Our goals for growth and globalization were thoroughly presented. In this strategy, we also defined some critical success criteria;

- Do the right strategic acquisitions (2007-2009)
- Successful establishment in new markets (2008-2009)
- Achieve operational excellence (2009-)
- Successful management through possible market cycle (2009-2012).

AS OF TODAY, I believe that we have made the right strategic acquisitions, and we have started the process to establish ourselves successfully in new markets over the last two years. Furthermore, we have made fundamental internal changes to our operations in order to achieve competitive advantages through operational excellence in the years to come. At the moment we are experiencing a cyclical market downturn, which is deeper and started earlier than our previous expectations. The severity and the abruptness of the Chilean downturn surprised us, and in addition to this the global financial crisis is affecting most business activity in unexpected ways.

Strategic management in the current market cycle is now on my daily agenda, and the effects of the global financial turmoil are on everybody's lips every day. The aquaculture industry is, and will be, affected by the situation. In turn, this affects AKVA group as the leading supplier to the industry. When defining our strategy in 2007 we knew that there would be rough waters ahead at some point. What we didn't know was when and how it would arrive. The rough waters are here now!

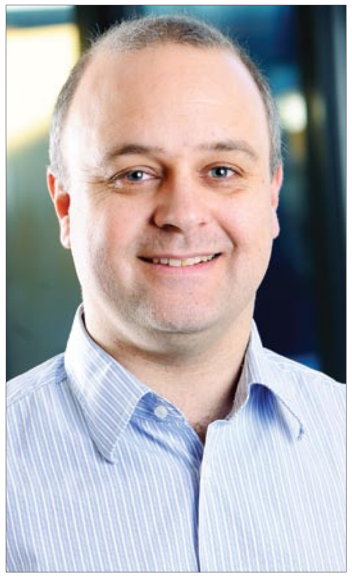
Preparation is imperative to successful management. We therefore started the development of a contingency plan in late 2007 in order to prepare ourselves for an unexpected slump in business volume. The purpose of the plan was to enable us to act quickly and rationally when a downturn would appear. As the global financial turmoil is affecting most businesses, AKVA group included, we are now prepared and know how to respond and react. Thus, we have been and are able to implement adequate actions swiftly and efficiently to avoid catastrophic losses, and continue to maintain firm control of the business. At the same time we are implementing measures to secure and maintain the vitality and efficiency of the organization through these challenging times. We continue to be ready to grasp opportunities as they arise. Our determination is for AKVA group to come out strengthened when the downturn evolves into optimism and new growth.

Our strategic goals remain firm.
A temporary downturn in business volume on our course towards global leadership in aquaculture technology was not unexpected. Nonetheless, the underlying demand for AKVA group's products continues to remain strong, and will be strong also in the years to come. The global growth in aquaculture will continue – also for AKVA group, and we will remain on the leading edge of aquaculture technology.

Bryne, 27 April 2009
Knut Molaug, Chief Executive Officer

"The underlying demand for AKVA group's products **continues to remain strong,** and will be strong also in the years to come."

Corporate Management



Rolf Andersen

Chief Financial Officer

Mr. Andersen (born 1968), has been employed in AKVA group since 2001, whereof up to 2007 as group controller and from 2007 CFO. He has a Master of Science degree in Business and he is also State Authorised Public Accountant from the Norwegian School of Economics and Business Administration (NHH). Prior to his employment in AKVA group in 2001 he worked as audit manager in PricewaterhouseCoopers (1994–2001). Mr. Andersen is a Norwegian citizen and resides in Bryne, Norway.

Trond Severinsen

Chief Marketing Officer

Mr. Severinsen (born 1964), has been employed in AKVA group since 1993, whereof up to 2003 as general manager for the company's operations in Canada and from 2003 as CMO. Mr. Severinsen has previously worked for Sea Farm Trading (1984–90), setting up their Canadian office in 1987 and later ran his own business until 1993. Mr. Severinsen has worked within sales, marketing and R&D of technology towards the fish farming industry since early 1984. Mr. Severinsen is a Norwegian citizen and resides in Klepp, Norway.

Knut Molaug

Chief Executive Officer

Mr. Molaug (born 1960), has been employed in AKVA group since 1983 and has held the position as CEO since 1988. He has held a number of positions in the fish farming industry, including the position as chairperson of 'Norwegian suppliers to the fish farming industry' and as a board member of the Norwegian Research Council for aquaculture. Mr. Molaug holds an engineering degree from Rogaland School of Engineering in computing and automation. Mr. Molaug is a Norwegian citizen and resides in Bryne, Norway.

Jone Gjerde

Chief Operational Officer

Mr. Gjerde (born 1958), has been employed in AKVA group since 2007. He was previously engaged with AKVA group as R&D manager in the period of 2001–2002 and has amongst several other management positions been employed as Vice President R&D both in ABB Robotics and Laerdal Medical AS. His professional background is within industrial automation technologies, and he has extensive experience working with the automotive industry for many years within the ABB company. Mr. Gjerde is a Norwegian citizen and resides in Bryne, Norway.

Morten Nærland

Managing Director AKVA group Chile

Mr. Nærland (born 1966), has since 2006 been the General manager of the Chilean operations. Prior to this, he was the CFO of AKVA group from 2001. He holds experience as financial analyst in Pareto Securities/Garde from 1999–2001, portfolio manager in Statoil from 1998–1999 and as finance manager in Scana Industrier 1996–1998. Mr. Nærland holds a Bachelor of Business Administration from Bodø and a post graduate degree in finance from the Norwegian School of Economics and Business Administration (NHH). Mr. Nærland is a Norwegian citizen and resides in Puerto Montt, Chile.

Patrick Dempster

Managing Director
AKVA group North America

Mr. Dempster (born 1961), has been employed in AKVA group since 1999 and has also been the manager for the Chilean operation. He has previously worked in the Chilean salmon industry since the early 90's as production manager for Salmones Multiexport. From 1999-2006 he has been a board member of Salmones Multiexport. Mr. Dempster holds a degree in agricultural engineering from the Catholic University of Chile and later a Master of Science from Stirling University of Scotland. Mr. Dempster is a Chilean citizen and resides in Campbell River, Canada. He was in the period 2006-2007 Chief Technical Officer in AKVA group.

Board of Directors' report 2008

AKVA's vision is to be "the global leader in aquaculture technology". The acquisition of Danaq and Idema Aqua were important strategic steps for the company to enhance its product portfolio.

The market situation worsened significantly during 2008. Firstly, the Chilean salmon industry faced severe challenges due to sanitary problems which lead to a significant decline in business volume in this market and secondly, the global financial crisis also hit the aquaculture industry during the second half of the year reducing the business volume towards the end of the year.

The total revenue for the company in 2008 was 866 MNOK a reduction of 7% compared to 2007 on a pro-forma basis. The earnings before interest, tax, depreciation and amortisation (EBITDA) were 52.7 MNOK significantly reduced compared to 2007. The earnings per share were NOK 0.32 in 2008.

The company has a sound balance sheet and an equity ratio of 45.8%. Despite a challenging market towards the end of 2008 and into 2009 the company is well positioned to take advantage of an expected high growth within aquaculture in the coming years.

AKVA group – The Business Areas

AKVA group is the world's leading supplier of equipment and technology to the fish farming industry. The activity includes design, sale, purchase, assembly, installation, and service of all the company's products as well as consulting services related to the business areas and the various products. The company's main customer base is the world's salmon farming industry, however deliveries to other fish farming species than salmon continued to grow strongly also in 2008.

The company is divided in two business areas: Operational technology (OPTECH) and Infrastructure technology (INTECH).

The OPTECH business area's main products are centralised feed system, sensors, cameras, biomass estimation system, light systems, net cleaning systems that are designed and assembled in Bryne and Hitra, Norway, software systems through the value chain developed at the Trondheim, Averøy and Chilean offices, and recirculation aquaculture systems supplied from Fredericia, Denmark. These products enable the fish farming industry to optimise and control the entire production cycle through the value chain.

The INTECH business area's main products are fish farming cages and feeding barges. The Polarcirkel polyethylene cages are produced at the facility in Mo i Rana, Norway and is one of leading brands globally in plastic cages. The steel cages sold under the Wavemaster brand are the market leading steel cages in Chile, Canada and UK. Wavemaster's main production facility is located in Chile. The Wavemaster feed barges have a leading position in the salmon market and are always supplied together with centralised feed systems from OPTECH. The production of the feed barges is outsourced.

The Polarcirkel brand also includes polyethylene boats for various customers including the fish farming industry and general piping for various purposes.

AKVA group's headquarters is located in Bryne, Norway. The company also has offices along the Norwegian coast and in Chile, Scotland, Canada, USA, Turkey, Iceland, Denmark, Thailand, Vietnam and in addition representation in numerous countries across the globe.

Continued Operations

In accordance with the Accounting Act § 3-3a we confirm that the Financial Statements have been prepared under the assumption of going concern.

Market challenges

For the salmon industry 2008 was a year of change. The Chilean industry faced a dramatic sanitary situation that has flung, more or less, the entire industry into financial very challenging situation. This situation has lead to a more or less full stop of the investment activity in the country, affecting AKVA heavily in the second half of the year and into 2009. The Norwegian salmon industry continued investment to restructure their operations to lower the cost of production. However, the investment level fell towards the end of the year as a result of the global financial turmoil.

The structural changes of the industry towards larger companies continued through 2008. AKVA's customers are growing larger and are thereby generally becoming more demanding clients that focus on the entire value chain. This consolidation has also lead to a situation where issues in one country may affect the activities also in other regions. For example, the challenging situation in Chile is affecting the investment level also other countries for company's involved in several countries.

For AKVA this resulted in a reduced business volume in 2008 compared to 2007. The revenues from the salmon segment in 2008 were MNOK 654, a reduction of 10% from 2007.

The growth within other species than salmon continued to grow at a high rate in 2008. However, the Norwegian cod industry faced severe challenges through 2008 leading to a reduced business volume in the second half of the year. In the global markets AKVA experienced a positive development in several regions, this is expected to spur further deliveries going forward.

Revenue from other species than salmon was MNOK 126 in 2008, which is an increase of 22% from 2007. Deliveries in connection with other species than salmon represent 15% (11.1%) of AKVA's revenues.

Financial accounts and acquisitions

In March and June 2008 respectively AKVA acquired the companies Danaq Amba and Idema Aqua AS and its subsidiaries. In the accounts of AKVA group ASA the acquired companies are included from the same dates.

Through these acquisitions AKVA has achieved the expected strategic growth. The acquisitions are expected to contribute positively to the group going forward.

All comments to the profit and loss figures in this report are based on pro-forma numbers except where otherwise stated.
In the comments below on the financial accounts, the 2007 figures are presented in parentheses following the 2008 stated values when included.

Profit and loss (proforma and unaudited)

Pro forma figures are presented as if Maritech was included from 1 January 2006. There are no differences between pro forma and legal figures for 2008.

Operating revenues for AKVA in 2008 were MNOK 866.5 (932.0) a reduction of 7% compared to 2007.

EBITDA for 2008 was MNOK 52.7 (90.7). The reduction in EBITDA is mainly explained by reduced volumes from Chile caused by the challenging fish health situation and the generally lower activity also in other markets towards the end of the year.

The depreciation and amortisation expenses in 2008 were MNOK 29.5 (24.2). The EBIT for 2008 was MNOK 23.3 (66.4).Net financial expense was MNOK -12.5 (-0.9) and profit before tax was MNOK 10.8 (65.6). The calculated tax for 2008 is MNOK 5.3 of which MNOK 3.0 is change in deferred tax and MNOK 2.3 in current taxes. Net profit for the year was MNOK 5.5 (53.6).

INTECH achieved operating revenues in 2008 of MNOK 467.4 (517.5), a reduction of 10% from 2007, and showed an operating profit (EBITDA) of MNOK 27.7 (51.2). The reduction is mainly explained by the reduced volume due to the fish health situation in Chile.

OPTECH achieved operating revenues in 2008 of MNOK 399.2 (414.5), a reduction of 4% from 2007, and showed a profit (EBITDA) of MNOK 25.0 (39.5). The reduced volume is explained by the disposal of the Marel distribution agreement acquired with Maritech in May 2007. This reduction was partly offset by the acquisition of Idema in June 2008.

Earnings per share were NOK 0.32 in 2007 versus NOK 3.11 in 2007. The calculation is based on 17.222.869 average number of shares outstanding. The total number of outstanding shares was 17.222.869 at the end of 2008.

Profit and loss (legal)

Operating revenues for AKVA in 2007 were MNOK 866.5 (860.8) an increase of 1% compared to 2007.

EBITDA for 2008 was MNOK 52.7 (86.8). The depreciation and amortisation expenses in 2008 were MNOK 29.5 (21.6). The EBIT for 2008 was MNOK 23.3 (65.2).

“AKVA will **continue to develop** as a world leading supplier to the salmon industry and to **increase** its deliveries to other aquaculture segments through acquisitions and organic growth.”

Net financial expense was MNOK -12.5 (-2.0) and profit before tax was MNOK 10.8 (63.1). The calculated tax for 2008 is MNOK 5.3 of which MNOK 3.0 is change in deferred tax and MNOK 2.3 in current taxes. Net profit for the year was MNOK 5.5 (52.0).

Earnings per share were NOK 0.32 in 2008 versus NOK 3.02 in 2007. The 2008 calculation is based on 17.222.869 average number of shares outstanding. The total number of outstanding shares was 17.222.869 at the end of 2008. Diluted earnings per share were NOK 0.32 in 2008 versus NOK 3.01 in 2007.

Balance sheet and cash flow (consolidated)
The total assets at the end of 2008 were MNOK 676.2 (684.8). The total liabilities amounted to MNOK 366.6 (348.3) and equity totalled MNOK 309.6 (336.4), giving an equity ratio of 45.8%.

The working capital in the consolidated balance sheet, defined as non-interest bearing current assets less non-interest bearing short-term debt, was MNOK 171.7 at the end of 2008, which is an increase of MNOK 62.3 from 1 January 2008. This increase is related to higher inventory level, delays in delivery of projects in Chile and in general slower payments from customers. Measures have been implemented to reduce the working capital level.

In 2008 AKVA group paid out a dividend of 17.2 MNOK to its shareholders. During 2009 the equity has been negatively affected by translation differences of 13.2 MNOK of which 11.0 MNOK is related to revaluation of goodwill and other intangible assets according to IFRS.

Gross interest bearing debt amounted to MNOK 197.5 (124.7) at the end of 2008. Cash and unused credit facilities amounted to MNOK 64.

The total calculated deferred tax assets on 31 December 2008 amounted to MNOK 21.2, whereof MNOK 13.6 was recognised in the balance sheet. The amount included in the balance sheet is primarily related to the Norwegian operations.

The cash flow statement was partly affected by the changes in the balance sheet following the acquisition of Idema. Idema was included from 1 June 2008. The cash flow statement therefore does not show pro forma changes in cash flow for the companies combined from 1 January. Net underlying investments in 2008 amounted to MNOK 24.6 (29.1) including MNOK 9.1 (10.5) in capitalised R&D expenses in accordance with IFRS.

Risks factors
The aquaculture industry is associated with a certain level of biological risk, and has historically been subject to cyclicality. AKVA aims to reduce the risks related to the exposure to these factors through diversification of its products and technologies to various fish species and geographical regions.

For AKVA group the financial risks are mainly related to currency risks, interest rate risks, credit risks and liquidity risks. The currency risks are sought reduced through matching revenues and costs in the same currency in combination with forward contracts. The group is also exposed to fluctuations in the foreign exchange rates when calculating the equity of foreign subsidiaries into NOK.

Historically the group has shown low losses on receivables from customers. For larger projects the group generally receives partial pre-payment from the customers and payments according to the progress of the projects. The credit risk related to the customer deliveries is thereby reduced.

AKVA is exposed to fluctuations in the prices of certain raw materials used in some of the main products. This risk is sought alleviated through continuous general awareness and specific attention in case of major contract negotiation periods and by securing the pricing of the raw materials immediately after signing firm contracts.

Product development
In 2008 the group invested MNOK 25.8 (19.4) in product development of which MNOK 9.1 (10.5) was capitalised and MNOK 16.7 (8.9) expensed. The investments were used to further improve existing products and to develop new products. The fact that AKVA has managed to strengthen its relative market shares during recent years can be attributed to, amongst other reasons, the result of the successful focus on product development.

Organisation and work environment
AKVA group had 528 employees at the end of 2008. In Norway the company employed 187 persons. Women accounted for 14% of the Norwegian employees. The company finds it important to have a reasonable gender balance in the different levels of the organisation.

The company aims to continuously strengthen the competence of the employees and the company to maintain the position as the leading supplier of technology to the aquaculture industry. Through recruiting the company seeks to employ people with high competence within all areas of its business.

The total sick leave in AKVA group ASA for 2008 amounted to 2.50% (2.72%). The short-term sick leave amounted to 1.56% (2.15%). One employee was injured during his work for AKVA in a Canadian entity – appropriate tasks have been implemented to avoid similar incidents in the future. No other injuries or accidents were registered in the company during 2008.

The board considers the working environment in the company to be satisfactory and has not initiated any particular measures in this area during 2008.

AKVA group and the external environment
The company has taken adequate measures in its operations to comply with environmental laws and regulations. The company is the only cage supplier to the Norwegian aquaculture industry that has systems to receive and recycle used polyethylene cages. In the company's Akvasmart product range certain products contribute to optimising the feed utilisation and thereby also reduce feed waste. In this way AKVAs products contribute to reduce the environmental impact from the fish farming industry.

Future outlook
The expectations for 2009 are dominated by uncertainty. The global financial turmoil casts a shadow over the industry creating an unpredictable environment.

The market outlook for the salmon industry is good over the next years for all countries, expect for Chile that is heavily affected by the severe sanitary situation. The consumption of salmon continues to develop positively in the global market. With the significant reduced volume from the Chilean producers the outlook for producers in other regions should be good over the next years.

Nonetheless, the effect of the global financial turmoil has lead to an uncertain situation in all markets. Companies are struggling to get access to adequate financing and are, due to this situation, holding back on investments. The underlying demand for AKVA's products remains strong but decisions are prone to be delayed.

The salmon industry is expected to continue to consolidate into larger entities driven by the trend towards integration throughout the entire supply value chain. This is positive for the AKVA group.

AKVA has been working actively over several years to build the position as the leading technology supplier to a number of other aquaculture species. During 2008 the company experienced a positive development in sales volume and also in the prospects towards other species than salmon. As such the activity is developing according to strategic objectives. The general outlook is positive for the further development of these market segments, however also this market is affected by the global financial turmoil. During 2007 the company started a project of mapping and developing the Asian markets. Asia is by far the largest aquaculture region in the world with more than 90% of the total production, nevertheless it represents only small revenues in AKVA. During 2008 AKVA established offices in Thailand and Vietnam to establish a local foothold in the Asian market. During the first months of 2009 we have seen results from this work by the award of an important contract in Malaysia and also in Saudi Arabia.
We expect our work in this region to contribute with significant revenues in the future.

AKVA will continue to develop as a world leading supplier to the salmon industry and to increase its deliveries to other aquaculture segments through acquisitions and organic growth.

Application of profit
The board proposes the following application of the profit of AKVA group ASA:

Group contribution	NOK 558.513
Transferred to other equity	NOK 2.411.561
Total applied	NOK 2.970.074

At the end of 2008 AKVA group ASA had an equity of MNOK 306.2, whereof MNOK 17.2 in share capital, MNOK 256.2 in share premium reserve, MNOK 2.0 in other paid-in capital and MNOK 30.8 in other equity. Free equity is MNOK 16.7 in the parent company by the end of the year.

Bryne, 27 April 2009

Steven Morrell
Chairperson of the Board

Thore Michalsen

Anne Breiby
Deputy Chairperson

Arne Økland

Thorhild Widvey

Kjell A. Corneliussen

Knut Drange

Ingvild Andersen

Knut Molaug
Chief Executive Officer

Board of Directors

Steven A Morrell
Mr. Morrell (born 1955), lives in New York, earned a bachelors degree in Mathematics and Distinguished Graduate of Air Force ROTC program from Brigham Young University in 1979 and an M.B.A Degree in General Management with Honors from IMD. He is currently a partner in Teknoinvest Management AS in Oslo and New York. Mr. Morrell has long experience from previous and several current board positions. Mr. Morrell was re-elected to the Board of Directors at the general meeting 25 August 2006.

Thorhild Widvey
Mrs. Widvey (born 1956), lives in Oslo, Norway, earned a degree in Physical Education. She was a member of parliament from 1989 to 1997 and was under secretary of state in the ministry of fisheries 2002-2003 and in the ministry of foreign affairs 2003-2004. She was the Norwegian Minister of Oil and Energy 2004-2005. Today she sits on a number of Boards of Norwegian private and public companies (Pharmaq AS, Bjørge ASA, Gresvig ASA, Deep Ocean ASA, Aker Drilling ASA). Mrs. Widvey was elected to the Board of Directors at the general meeting 25 September 2006.

Thore Michalsen
Mr. Michalsen (born 1944), lives in Mo i Rana, earned a degree in engineering from NTH (NTNU in Trondheim) in 1968. He is currently CEO in Eka Chemicals Rana AS and Eka Chemicals Norge AS, and has board positions in Helgeland Sparebank, Helgeland Marinfisk, Kunnskapsparken, also serves as a board member in several companies owned by Akzo Nobel. Mr. Michalsen was elected to the Board of Directors at the general meeting 25 August 2006.

Anne Breiby
Mrs. Breiby (born 1956), lives in Ålesund, Norway, earned a bachelors degree (1983) and a Cand. Scient degree (1985) in Fishery Biology. She worked as an aquaculture advisor in Nordland and for the Norwegian Fish Farming Assosiation prior to becoming a political advisor for the fisheries department. And later political advisor for the Labour party in fishery matters. She was the deputy Minister for the Ministry of Oil and Energy. Today she sits on a number of Boards of Norwegian private and public companies amongst others holds the vice-chair of the Norwegian folketrygdfondet (Spareban-ken Møre, Håg AS, Ulstein Mekaniske Verk. Holding ASA). Mrs. Breiby was elected to the Board of Directors at the general meeting 25 September 2006.

Ingvild S. Andersen
Ms. Andersen (born 1957), lives in Kvernaland and received her education in business and general office work at Sandnes Handelsskole (School of Commerce) and Stavanger Handelsgymnas (Commercial College). She joined the company in 1996 and is responsible for all international freight (export and import). Ingvild also performs a number of secretarial and accounting functions.

Arne L. Økland
Mr. Økland (born 1954), lives in Bryne, Norway, earned a degree as Tax Auditor from 'Skatteetatskolen' in Oslo and Rogaland County Revenue Office in 1978. He is currently CEO in Pam AS (Dolly Dimples), and has broad experience from previous and current board positions in several companies. Mr. Økland was elected to the Board of Directors at the general meeting 25 August 2006.

Kjell Arne Corneliussen
Kjell Arne Corneliussen (born 1956), lives in Mo i Rana, Norway. He was educated within Plumbing and Management, and holds previous experience as a plumber and Head of Department for a plumbing wholeseller. Kjell Arne has been employed with Polarcirkel AS since 1995, and is now Sales Manager for HDPE Pipes.

Knut Drange
Knut Drange (born 1979), lives in Trondheim, Norway. He earned his Engineering Degree – Computer Science from the Norwegian University of Science and Technology in Trondheim. Has been employed with AKVA group since 2006, and is now project managing AKVA group's Fishtalk Value Chain Planner.

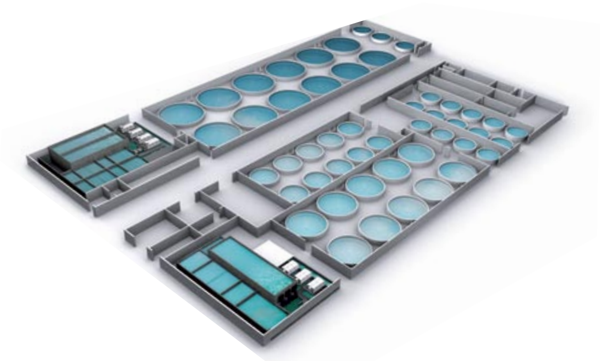
Land Based Aquaculture

- from extensive to intensive solutions

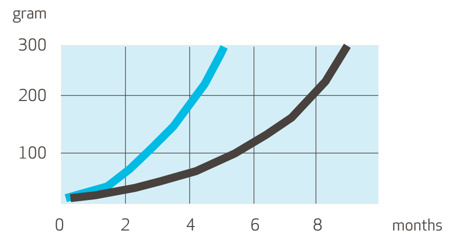
AKVA group offers a wide range of land based aquaculture technology, from single components to turn-key installations worldwide. The complete range of quality products and software provides maximum reliability and cost effectiveness.

Unlike the short history of cage farming aquaculture, land based aquaculture goes back thousands of years with most of the production being fresh water farms in China and Asia. Land based aquaculture is today one the fastest growing food industries in the world. Although most of the industry was developed as extensive fish farming in ponds with low technology solutions, the main reason for today's growth is the increased use of intensive solutions and the latest innovations in water treatment technology. This makes it possible to maintain excellent water quality combined with exceptional low water- and energy consumption. Over the last 20 years, energy consumption per kilo fish produced has been reduced by more than 80% while water recirculation has increased to more than 99%. In addition to freshwater, AKVA group also has unique knowledge in saltwater recirculation systems, making it feasible with profitable production of almost any species anywhere in the world. Our main success criteria include scientific competence, practical experience and close cooperation with both customers and research communities. This has enabled us to develop innovative and cost-effective solutions for most land based aquaculture projects.

AKVA group is proud to introduce our extensive product range with integrated systems linked together with advanced software. This allows for the right decisions always to be taken at the right time. Through intelligent control systems and historical data, the operations are continuously controlled, improving fish welfare, growth and profitability.

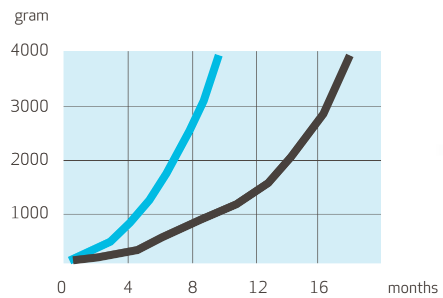


Land based aquaculture is one of the world´s fastest growing food industries.



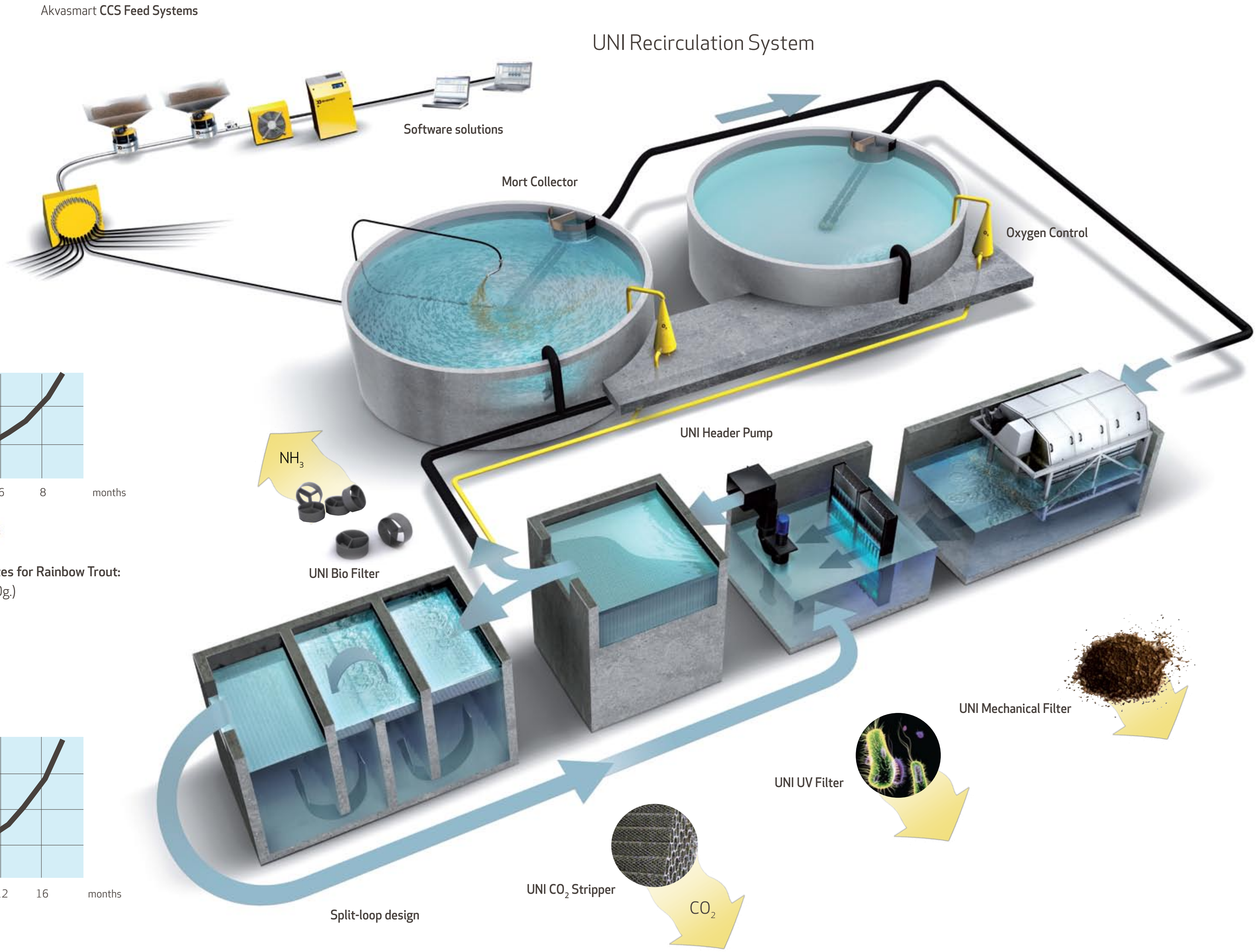
Experienced growth rates for Rainbow Trout:
(Months from 2g to 300g.)

- Recirculation
- Flow through



Experienced growth rates for Yellowtail Kingfish:
(Months from 5g to 4000g.)

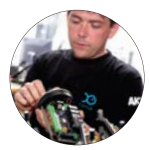
- Recirculation
- Flow through




Rotor Spreaders


Pipework


Feeding Pipes

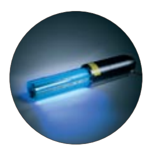

After-sales


Camera Systems

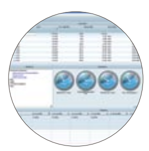

Surveillance Cameras


Oxygen Sensors


Temperature Sensors


Underwater Lights


AKVA Academy


Farming Software


Seafood Software

Cage Farming Aquaculture

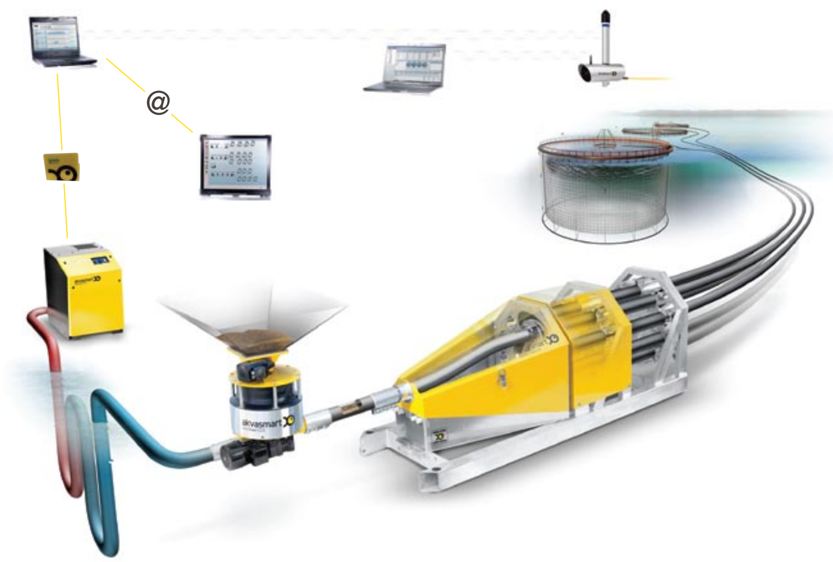
AKVA group offers a wide range of cage farming aquaculture technology, from single components to turn-key installations worldwide.

We have developed a reputation for quality products and software that provide maximum reliability and cost effectiveness. Large numbers of cages, boats, net cleaners, feed barges, feed systems, sensors, cameras, underwater lights and software are currently in use on a wide variety of farms.

The equipment is operating year-round under diverse wave and wind conditions, in more than twelve regions of the world. This is a strong testemony of the reliability of the designs.

Most of today's cage farming technology originated in the salmon farming industry in Norway during the last 25 years. Today, the technology has been adapted by fish farmers around the world as state-of-the-art.

There has been a tremendous development into bigger, better and more advanced equipment in order to industrialize the industry and achieve true scale of economics. This is making cage farming aquaculture more efficient, safe and environmentally sustainable.



Akvasmart CCS Feed Systems

AKVA World

wavemaster™ polarcirkel™ fishtalk™ akvasmart™

Our Offices (valid march 2009):

1 AKVA group ASA (Head Office)
Bryne, Norway

2 AKVA group (Maritech)
Averøy, Norway

3 AKVA group
Trondheim, Norway

4 AKVA group (Idema)
Sandstad, Norway

5 AKVA group (AKVA Services as)
Brønnøysund, Norway

6 AKVA group (Polarcirkel)
Mo i Rana, Norway

7 AKVA group ASA
Tromsø, Norway

8 AKVA group (Idema)
Oslo, Norway

9 AKVA group Denmark AS
Fredericia, Denmark

10 AKVA group – Agent
Borlänge, Sweden

11 AKVA group – Agent
Esbo, Finland

12 AKVA group – Agent:
Leirvík, Faroe Islands

13 AKVA group Scotland Ltd.
Inverness, Scotland

14 Akvasmart/Polarcirkel/Wavemaster
– Distributor:
Sevilla, Spain

15 Akvasmart/Fishtalk – Agent
Athens, Greece

16 AKVA group
(AKVAsmart Türkiye Ltd. Sti.)
Bodrum, Turkey

17 AKVA group SEA Co., Ltd.
Bangkok, Thailand

18 AKVA group
Ho Chi Minh City, Vietnam

19 AKVA group
Shanghai, China

20 AKVA group - Agent
Algeria

21 AKVA group (North America Inc.)
Campbell River, BC, Canada

22 AKVA group (North America Inc.)
Halifax, NS, Canada

23 AKVA group
(Wavemaster Net Services Ltd.)
Campbell River, BC, Canada

24 AKVA group (Akvasmart Chile S.A.)
Puerto Montt, Chile

25 AKVA group
(Wavemaster Chile S.A.)
Puerto Montt, Chile

AKVA **cares**

We care about the world around us, and support local communities in countries where we have a presence. One *AKVA care project* is selected each year.
The word CARE is built up from the first letter in AKVA group's four core values:

- **Customer in Focus**
- **Aquaculture knowledge**
- **Reliability and honesty**
- **Enthusiasm**

In addition, it is also an expression of how we would like to relate to society and the environment:
We care.

Our corporate function is characterized by interest, contact and activities beyond national borders, and the desire is for *the CARE project* to bring not only our group, but also different people, experiences and cultures closer together. The 2008 project in Chile gave the 6 employees from different units in AKVA group the opportunity to help with the construction of housing for families needing a helping hand. At the same time, they were given the opportunity to meet colleagues and discuss challenges across the group. Sharing experiences and knowledge with colleagues upon returning home, is also an integral part of the project.

We are still in the selection phase for the AKVA Care 2009.
Nevertheless, we are determined to invest the same level of enthusiasm in all future Care projects.


Financial Statement Group

Contents Financial Statement Group

Income statement 01.01.–31.12. (in NOK 1 000)

Group

	Note	2008	2007	2006
OPERATING REVENUES				
Sales revenues	2	866 525	860 824	355 961
OPERATING EXPENSES				
Cost of goods sold	11	505 518	536 555	222 976
Payroll expenses	3,21	209 006	156 811	59 713
Other operating expenses	8, 12, 17, 20	99 255	80 667	31 464
Total operating expenses		813 779	774 034	314 152
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)		**52 746**	**86 790**	**41 809**
Depreciation and amortisation	7,9	29 472	21 615	9 882
OPERATING PROFIT (EBIT)		**23 274**	**65 176**	**31 927**
FINANCIAL INCOME AND EXPENSES				
Financial income	17, 18	3 780	6 140	1 723
Financial expenses	17, 18	-16 262	-8 202	-3 078
Net financial items		-12 482	-2 063	-1 355
PROFIT BEFORE TAX		**10 792**	**63 113**	**30 572**
Taxes	5	5 275	11 104	5 279
NET PROFIT FOR THE YEAR		**5 517**	**52 009**	**25 293**
Earnings per share	6	**0,32**	**3,02**	**2,84**
Diluted earnings per share	6	**0,32**	**3,01**	**2,84**

Assets 31.12. (in NOK 1 000)

Group

	Note	2008	2007
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	7, 22	164 273	138 277
Other intangible assets	7, 22	73 886	65 758
Total intangible assets		238 159	204 035
Tangible fixed assets			
Land and building	9	2 201	1 203
Machinery and equipment	9	39 308	32 792
Total tangible fixed assets		41 509	33 995
Long-term financial assets			
Deferred tax asset	5	13 610	20 770
Other long-term financial assets	10, 12	2 461	2 107
Total long-term financial assets		16 071	22 877
Total fixed assets		**295 739**	**260 908**
CURRENT ASSETS			
Stock	11	142 406	118 750
Receivables			
Accounts receivables	12, 18, 19	171 100	188 217
Prepayments to suppliers		2 778	4 147
Other receivables		16 304	14 710
Total receivables		190 182	207 074
Cash and cash equivalents	13	47 883	98 044
Total current assets		**380 472**	**423 868**
TOTAL ASSETS		**676 211**	**684 775**

Equity and Liabilities 31.12. (in NOK 1 000)

Group

	Note	2008	2007
EQUITY			
Paid-in capital			
Share capital	14	17 223	17 223
Share premium reserve		249 864	249 864
Other paid in capital	21	1 951	1 624
Total paid-in capital		269 039	268 712
Other equity and reserves			
Translation differences		-22 096	-8 854
Other equity		-5 888	-3 662
Total other equity and reserves		-27 984	-12 516
Retained earnings			
Retained earnings		68 541	80 247
Total retained earnings		68 541	80 247
Total equity		**309 595**	**336 442**
LIABILITIES			
Provisions			
Pension obligations	15	2 414	1 676
Total provisions		2 414	1 676
Other long term liabilities			
Liabilities to financial institutions	16	120 837	104 414
Other long term liabilities		5 848	5 515
Total other long term liabilities		126 685	109 928
Current liabilities			
Liabilities to financial institutions		76 651	20 290
Trade creditors		54 220	101 453
Taxes payable	5	3 028	2 624
Public duties payable		14 678	10 491
Prepayments from customers		35 430	55 589
Other current liabilities	17	53 510	46 281
Total current liabilities		237 517	236 729
Total Liabilities		**366 616**	**348 333**
TOTAL EQUITY AND LIABILITIES		**676 211**	**684 775**

Bryne, 27 April 2009

Steven Morrell
Chairperson of the Board

Thore Michalsen

Anne Breiby
Deputy Chairperson

Arne Økland

Thorhild Widvey

Kjell A. Corneliussen

Knut Drange

Ingvild Andersen

Knut Molaug
Chief Executive Officer

Cash flow statement 01.01.–31.12. (in NOK 1 000)

Group

	Note	2008	2007	2006
Cash flow from operating activities				
Profit before taxes		10 792	63 113	30 572
Taxes		-3 492	-2 772	-1 606
Depreciation	7, 9	29 472	21 615	9 882
Change in pension obligation	15	-	351	1 866
Changes in stock, accounts receivable and trade creditors		-53 772	-83 583	-75 198
Changes in other receivables and payables		4 051	20 587	45 247
Net cash flow from operating activities		-12 950	19 311	10 763
Cash flow from investment activities				
Investments in fixed assets	7, 9	-27 880	-29 115	-8 071
Proceeds from sale of fixed assets	7, 9	3 186	1 413	1 177
Change in fixed assets from acquisitions with cash effect	22	-66 242	-93 427	-16 742
Net cash flow from investment activities		-90 936	-121 129	-23 637
Cash flow from financing activities				
Change in interest bearing debt		72 784	66 084	17 813
Increase of share capital and share premium fund		-	-	116 845
Dividend payment		-17 223	-	-
Change related to other financial activities		717	-6 948	13 655
Net cash flow from financing activities		56 279	59 136	148 312
Net change in cash and cash equivalents		-47 607	-42 683	135 438
Net foreign exchange difference		-2 554	-736	-175
Cash and cash equivalents at 01.01.		98 044	141 463	6 199
Cash and cash equivalents at 31.12.	13	**47 883**	**98 044**	**141 463**

Acquisitions of Idema Aqua AS in 2008:
NOK 5.8 mill of the cash and cash equivalents is related to the acquisition of Idema Aqua.
NOK - 3.4 mill and NOK - 4.7 mill of the change in receivables and payables respectively is related to the acquisitions of Idema Aqua.
NOK 2.9 mill of other debt is acquired through the acquisition of Idema Aqua.

Statement of changes of equity (in NOK 1 000)

Group

	Note	Share capital	Share premium reserve	Other paid-in capital	Total paid in capital	Translation differences	Other equity			Total equity
Equity as at 01.01.2006		5 870	27 582	-	**33 452**	823	-877	**-53**	**2 945**	**36 344**
Gains/(losses) on cash flow hedges (fair value)	18				**-**		-69	**-69**		**-69**
Translation difference					**-**	-1 559		**-1 559**		**-1 559**
Actuarial deviations on net pension obligations					**-**		-3 176	**-3 176**		**-3 176**
Total income and expense recognised directly in equity		-	-	-	**-**	-1 559	-3 245	**-4 804**	**-**	**-4 804**
Profit (loss) for the period					**-**			**-**	**25 293**	**25 293**
Total income and expense for the year		-	-	-	**-**	-1 559	-3 245	**-4 804**	**25 293**	**20 488**
Issue of share capital		11 353	232 027		**243 380**			**-**		**243 380**
Share issue costs			-9 744		**-9 744**			**-**		**-9 744**
Recording of option agreement				166	**166**			**-**	**-**	**166**
Equity as at 31.12.2006		17 223	249 864	166	**267 253**	-736	-4 122	**-4 858**	**28 238**	**290 633**
Equity as at 01.01.2007		17 223	249 864	166	**267 253**	-736	-4 122	**-4 858**	**28 238**	**290 633**
Gains/(losses) on cash flow hedges (fair value)	18				**-**		460	**460**		**460**
Translation difference					**-**	-8 118		**-8 118**		**-8 118**
Total income and expense recognised directly in equity		-	-	-	**-**	-8 118	460	**-7 658**	**-**	**-7 658**
Profit (loss) for the period					**-**			**-**	**52 009**	**52 009**
Total income and expense for the year		-	-	-	**-**	-8 118	460	**-7 658**	**52 009**	**44 351**
Recording of option agreement	21			1 459	**1 459**			**-**		**1 459**
Equity as at 31.12.2007	14	17 223	249 864	1 624	**268 712**	-8 854	-3 662	**-12 516**	**80 247**	**336 442**
Equity as at 01.01.2008		17 223	249 864	1 624	**268 712**	-8 854	-3 662	**-12 516**	**80 247**	**336 442**
Gains/(losses) on cash flow hedges (fair value)	18				**-**		-1 827	**-1 827**		**-1 827**
Translation difference					**-**	-13 242		**-13 242**		**-13 242**
Actuarial deviations on net pension obligations							-399	**-399**		**-399**
Total income and expense recognised directly in equity		-	-	-	**-**	-13 242	-2 226	**-15 468**	**-**	**-15 468**
Profit (loss) for the period					**-**			**-**	**5 517**	**5 517**
Total income and expense for the year		-	-	-	**-**	-13 242	-2 226	**-15 468**	**5 517**	**-9 951**
Dividend payment					**-**			**-**	**-17 223**	**-17 223**
Recording of option agreement	21			327	**327**			**-**		**327**
Equity as at 31.12.2008	14	17 223	249 864	1 951	**269 039**	-22 096	-5 888	**-27 984**	**68 541**	**309 595**

In 2008 the shareholders received a dividend of NOK 1.00 per share

Pro forma Income statement 01.01.–31.12. unaudited (in NOK 1 000)

Group

	Note	2008	2007	2006
	22			
Operating Income				
Sales income		866 525	931 993	703 806
Operating Expenses				
Cost of goods sold		505 518	564 115	336 279
Payroll expenses		209 006	186 606	73 736
Other operating expenses		99 255	90 602	209 355
Total operating expenses		813 779	841 323	619 369
Operating profit before depreciation (EBITDA)		**52 746**	**90 669**	**84 437**
Ordinary depreciation and amortisation expenses		29 472	24 236	21 119
Operating profit (EBIT)		**23 274**	**66 434**	**63 318**
Financial Income and Expenses				
Net financial items		-12 482	-879	-4 165
Profit on ordinary activities before tax		**10 792**	**65 555**	**59 153**
Tax on ordinary profit		5 275	11 944	13 486
Net profit for the year		**5 517**	**53 610**	**45 667**
Earnings per share		0,32	3,11	3,26
Diluted earnings per share		0,32	3,10	3,26

Pro forma Segment information 01.01.–31.12. (in NOK 1 000)

Group

	2008	2007	2006
OPTECH			
Operating income	399 163	414 471	371 842
Operating expenses	374 084	374 963	324 248
Operating profit before depreciation (EBITDA)	**25 079**	**39 508**	**47 594**
Depreciation and amortisation	21 729	17 473	14 843
Operating profit (EBIT)	**3 351**	**22 035**	**32 752**
INTECH			
Operating income	467 362	517 522	331 963
Operating expenses	439 695	466 361	295 121
Operating profit before depreciation (EBITDA)	**27 667**	**51 161**	**36 842**
Depreciation and amortisation	7 744	6 762	6 276
Operating profit (EBIT)	**19 923**	**44 399**	**30 566**
TOTAL			
Operating income	866 525	931 993	703 806
Operating expenses	813 779	841 323	619 369
Operating profit before depreciation and amortisation (EBITDA)	**52 746**	**90 669**	**84 437**
Depreciation and amortisation	29 472	24 236	21 119
Operating profit (EBIT)	**23 274**	**66 434**	**63 318**

The pro forma statement shows the accounts for the AKVA group as if the merger with Polarcirkel and Wavemaster was made January 1 2005 and the acquisition of Maritech was made January 1 2006. The acquisition of Uni Aqua A/S and Idema Aqua AS are included from 1 October 2007 and 1 June 2008 respectively.
The figures are based on historical information from the merged/acquired companies with the following correction:
– amortisation on product rights and fixed assets arising as excess values from the merger

The financial statements for the different companies which are included in the pro forma statement are based on uniform accounting principles, see information on accounting principles in disclosures. The figures are ment to provide a basis for comparison based on the Group's composition at the end of 2008. Pro forma financial information is encumbered with greater uncertainty than are the actual historical figures and will not necessarily reflect the revenues and profits that would have been realised if purchase and sales had actually be made at an earlier date.


Notes Group

Note 1 Summary of significant accounting policies

AKVA group ASA is a public limited company registered in Norway. The company's head office is located in Nordlysveien 4, N-4340 Bryne, Norway.

1.1 Basis for preparation

The consolidated financial statements of the AKVA group have been prepared in accordance with the international accounting standards published by the International Accounting Standards Board and the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as per 31 December 2008.

The consolidated financial statements have been prepared on an historical cost basis, except for

- investments which are carried at fair value
- stocks and receivables which are carried at fair value if lower than historical cost

1.2 Functional currency and Presentation currency

The Group presents its financial statements in NOK. This is also the Group's functional currency. For consolidation purposes, the balance sheet figures for subsidiaries with a different functional currency, translated at the rate applicable at the balance sheet date, and the income statement have been translated at the average rate for the period. Exchange differences are recognised in equity. When foreign subsidiaries are sold, the accumulated exchange differences relating to the subsidiary are taken to income.

1.3 Basis of consolidation

The Group's consolidated financial statements comprise AKVA group ASA and companies in which AKVA group ASA has a controlling interest. A controlling interest is normally attained when the Group owns, either directly or indirectly, more than 50% of the shares in the company and is capable of exercising control over the company. Minority interests are included in the Group's equity.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are consolidated from/until the date when the purchase/sale is carried out. Investments in associates (normally investments of between 20% and 50% of the companies' equity) in which AKVA group ASA exercises a considerable influence are accounted for by applying the equity method. The carrying value of the investments is reviewed when there are indications of a fall in value or when there is no longer any need for previously recognised impairment losses.
When the Group's share of the loss exceeds the investment, the investment is carried at zero value. If the Group's share of the loss exceeds the investment, this will be recognised to the extent that the Group has obligations to cover this loss.

All other investments are accounted for in accordance with IAS 39, Financial Instruments.
Inter-company transactions and balances, including internal profits and unrealised gains and losses are eliminated in full. Unrealised gains that have arisen due to transactions with associates are eliminated against the Group's share in the associate. Unrealised losses are correspondingly eliminated, but only to the extent that there are no indications of a fall in the value of the asset that has been sold internally.

The consolidated financial statements are prepared on the assumption of uniform accounting policies for identical transactions and other events under equal circumstances.

1.4 Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months and to a known amount, and which contain insignificant risk elements.

The cash and cash equivalent amount in the cash flow statement do not include overdraft facilities. See note 13 for information about unused overdraft facilities.

1.5 Trade receivables

Trade receivables are carried at amortised cost. The interest element is disregarded if it is insignificant. Should there be objective evidence of a fall in value, the difference between the carrying amount and the present value of future cash flows is recognised as a loss, discounted by the receivable amount's effective interest rate.

1.6 Hedging

As part of the international activity the Group's assets and liabilities as well as expected cash inflow and cash outflow are exposed to changes in the currency rates. Such risk is sought reduced by using currency forward contracts. The currency risk is managed by the parent company in cooperation with the subsidiaries.

Before a hedging transaction is carried out, the Group's finance department assesses whether a derivative is to be used to a) hedge the fair value of an asset or liability, b) hedge a future cash flow from an investment, debt payment or future identified transaction or c) hedge a net investment in a foreign operation.

The Group's criteria for classifying a derivative as a hedging instrument are as follows: (1) the hedge is expected to be effective in that it counteracts changes in the fair value of or cash flows from an identified asset - a hedging efficiency within the range of 80-125% is expected, (2) the effectiveness of the hedge can be reliably measured, (3) there is adequate documentation when the hedge is entered into that the hedge is effective, (4) for cash-flow hedges, the forthcoming transaction must be probable, and (5) the hedge is evaluated regularly and has proven to be effective.

(i) Fair value hedges:
Derivatives designated as hedging instruments are measured at fair value and changes in fair value are recognised in the income statement. Correspondingly, a change in the fair value of the hedged object is recognised in the income statement, as is the net gain or loss.

The hedge accounting is discontinued if:
(a) The hedging instrument expires or is sold, terminated or exercised, or
(b) The hedge no longer meets the criteria for hedge accounting stated above

Once the hedge accounting is discontinued, the adjustments made to the carrying amount of the hedged object are amortised over the remaining life using the effective interest rate.

(ii) Cash-flow hedges
Changes in the fair value of a hedging instrument that meet the criteria for cash flow hedge accounting are taken directly to equity. The ineffective part of the hedging instrument is recognised directly in the income statement.

If the hedge of a cash flow results in an asset or liability being recognised, all former gains and losses recognised directly in equity are transferred from equity and included in the initial measurement of the asset or liability. For other cashflow hedges, gains and losses recognised directly in equity are taken to the income statement in the same period as the cash flow which comprises the hedged object is recognised in the income statement.

If the hedge no longer meets the criteria for hedge accounting, the hedge accounting is discontinued. The cumulative gain or loss on the hedging instrument recognised directly in equity remains separately recognised in equity until the forecast transaction occurs.

If the hedged transaction is no longer expected to occur, any previously accumulated gain or loss on the hedging instrument that has been recognised directly in equity will be recognised in profit or loss.

1.7 Inventories

Inventories, including work in progress, are valued at the lower of cost and fair value less costs to sell after provisions for obsolete inventories. The fair value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale. Inventories are measured using the FIFO principle. Finished goods and work in progress include variable costs and fixed costs that can be allocated to goods based on normal capacity. Obsolete inventories have been fully recognised as impairment losses.

1.8 Non-current assets

Non-current assets are carried at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are derecognised, and any gain or loss on the sale or disposal is recognised in the income statement.

The gross carrying amount of non-current assets is the purchase price, including duties/taxes and direct acquisition costs relating to making the non-current asset ready for use. Subsequent costs, such as repair and maintenance costs, are normally recognised in profit or loss as incurred. When increased future economic benefits as a result of repair/maintenance work can be proven, such costs will be recognised in the balance sheet as additions to non-current assets.

Depreciation is calculated using the straight-line method over the following periods:

Machinery and equipment	3 – 5 years
Fixtures, fittings and vehicles	3 – 10 years

The depreciation period and method are assessed each year to ensure that the method and period used harmonise with the financial realities of the non-current asset. The same applies to the scrap value.

Operating leases
Leases for which most of the risk rests with the other contracting party are classified as operating leases. Lease payments are classified as operating costs and recognised in the income statement during the contract period.

1.9 Financial instruments

According to IAS 39, Financial Instruments: Recognition and measurement, financial instruments are classified in the following categories: held-to-maturity, at fair value through profit or loss, and available-for-sale. Financial instruments with fixed or determinable cash flows and a fixed maturity that the Group has the positive intention and ability to hold to maturity are classified as held-to-maturity investments.

Financial instruments that are held with the intention of making a gain on short-term fluctuations in prices are classified as financial assets at fair value through profit or loss. All other financial instruments, with the exception of loans and receivables originally issued by the company, are classified as available for sale.

Financial instruments that are held to maturity are included in the non-current asset unless the maturity date is less than 12 months after the balance sheet date. Financial instruments at fair value through profit or loss are classified as current assets, and financial instruments that are available for sale are presented as current assets if the management has decided to sell the instrument within 12 months of the balance sheet date.

All purchases and sales of financial instruments are recognised on the transaction date. The transaction costs are included in the cost price.

Financial instruments that are classified as available for sale and at fair value through profit or loss are carried at fair value as observed in the market at the balance sheet date, with no deduction for costs relating to the sale.

The gain or loss resulting from changes in the fair value of financial investments classified as available for sale are recognised directly in equity until the investment has been disposed of. The accumulated gain or loss on the financial instrument that has previously been recognised in equity will then be reversed and the gain or loss will be recognised in the income statement.

Changes in the fair value of financial instruments classified as financial instruments at fair value through profit or loss are recognised in the income statement and included in the net financial income/expenses.

Investments held to maturity are carried at amortised cost.

1.10 Intangible assets

Intangible assets are recognised in the balance sheet if it can be proven that there are probable future economic benefits that can be attributed to the asset which is owned by the company, and the asset's cost price can be reliably estimated. Intangible assets are recognised at their cost price. Intangible assets with indefinite useful lives are not amortised, but impairment losses are recognised if the recoverable amount is less than the cost price. The recoverable amount is calculated each year or if there are any indications of a fall in value. Intangible assets with a finite useful life are amortised and any need for impairment losses to be recognised is considered. Depreciation is carried out using the straight-line method over the estimated useful life. The amortisation estimate and method will be subject to an annual assessment based on the pattern of consumption of future economic benefits.

Patents and licences
Amounts paid for patents and licences are recognised in the balance sheet and depreciated using the straight-line method over the expected useful life. The expected useful life of patents and licences varies from 5 to 20 years.

Software
Expenses linked to the purchase of new computer programs are recognised in the balance sheet as an intangible non-current asset provided these expenses do not form part of the hardware acquisition costs. Software is depreciated using the straight-line method over 3 years. Expenses incurred as a result of maintaining or upholding the future usefulness of software are expenses as incurred unless the changes in the software increase the future economic benefit from the software.

1.11 Goodwill

(i) Goodwill
Excess value on the purchase of operations that cannot be allocated to assets or liabilities on the acquisition date is classified in the balance sheet as goodwill. In the case of investments in associates, goodwill is included in the cost price of the investment.

The identifiable assets and liabilities on the transaction date are to be recognised at fair value on the transaction date. The minority's share of identifiable assets and liabilities is calculated on the basis of the minority's share of the fair value of the identifiable assets and liabilities.

Should further information on assets and liabilities as at the transaction date come to light after the acquisition has taken place, the assessment of the fair value of assets and liabilities may be altered until the date when the first annual financial statements have been authorised for issue.

Goodwill is not amortised, but an assessment is made each year as to whether the carrying amount can be justified by future earnings. If there are indications of any need to recognise impairment losses relating to goodwill, an assessment will be made of whether the discounted cash flow relating to the goodwill exceeds the carrying amount of goodwill. If the discounted cash flow is less than the carrying amount, goodwill will be written down to its fair value.

(ii) Negative goodwill
Negative goodwill upon the acquisition of operations is recognised in profit or loss after the acquired assets and liabilities have been re-identified and reassessed in order to ensure that the negative goodwill is not due to an error in the valuation of assets or liabilities.

1.12 Research and development

Expenses relating to research are recognised in the income statement when they are accrued. Expenses relating to development are recognised in the income statement when they are incurred unless the following criteria are met in full:

- the product or process is clearly defined and the cost elements can be identified and measured reliably;
- the technical solution for the product has been demonstrated;
- the product or process will be sold or used in the company's operations;
- the asset will generate future economic benefits; and
- sufficient technical, financial and other resources for completing the project are present.

When all the above criteria are met, the costs relating to development start to be recognised in the balance sheet. Costs that have been charged as expenses in previous accounting periods are not recognised in the balance sheet.

Recognised development costs are depreciated on a straight-line basis over the estimated useful life of the asset.

The depreciation period will normally not exceed five years.

The fair value of the development costs will be estimated when there is an indication of a fall in value or that the need for previous periods' impairment losses no longer exists.

1.13 Legal obligation

Provisions are recognised when, and only when, the company has a valid liability (legal or estimated) as a result of events that have taken place and it can be proven probable (more probable than not) that a financial settlement will take place as a result of this liability, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will be the present value of future payments to cover the liability. Any increase in the provisions due to time is presented as interest costs.

Contingent liabilities acquired upon the purchase of operations are recognised at fair value even if the liability is not probable. The assessment of probability and fair value is subject to constant review. Changes in the fair value are recognised in the income statement.

1.14 Equity

(i) Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying financial reality.

Interest, dividends, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or revenue. Amounts distributed to holders of financial instruments which are classified as equity will be recognised directly in equity. When rights and obligations relating to how amounts are distributed from financial instruments depend on certain types of contingent events in the future and lie outside both the issuer's and holder's control, the financial instrument will be classified as a liability unless the probability of the issuer having to pay cash or other financial assets is remote at the time of issuance. In such case, the financial instrument is classified as equity.

(ii) Other equity

(a) Exchange differences reserve

Exchange differences arise in connection with currency differences when foreign entities are consolidated.

Currency differences relating to monetary items (liabilities or receivables), which are in reality part of a company's net investment in a foreign entities are treated as exchange differences.

When a foreign operation is sold, the accumulated exchange differences linked to the entity are reversed and recognised in the income statement in the same period as the gain or loss on the sale is recognised.

(b)Hedge reserve

The hedge reserve includes the total net change in the fair value of the cash-flow hedge until the hedged cash flow arises or is no longer expected to arise.

1.15 Revenue recognition

Revenue is recognised when it is probable that transactions will generate future economic benefits that will accrue to the company and the size of the amount can be reliably estimated. Sales revenues are presented net of value added tax and discounts.

Revenues from the sale of goods are recognised in the income statement once delivery has taken place, the risk has been transferred and the company has established a receivable due by customer.

Revenues relating to projects are recognised in the income statement in line with the project's progress and when the project's results can be reliably estimated. The progress of these projects are decided by the cost incurred compared to total budgeted cost for the project. When the project's results cannot be reliably estimated, only revenues equal to the accrued project costs will be taken to revenue. Any estimated loss on a contract will be recognised in the income statement for the period when it is identified that the project will lead to a loss.

Interest is recognised in the income statement to the extent that it reflects the effective yield on the asset. Royalties will be recognised in the income statement in relation to the terms and conditions of the various royalty agreements. Dividends are recognised in the income statement when the shareholders' rights to receive dividend have been determined.

1.16 Currency

Transactions in foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the balance sheet date.

In the beginning of 2008 AKVAsmart Chile changed functional currency from USD to CLP (Chilean Pesos). The reason for this change was that the company experienced that most of its local costs were in CLP and that more of the sales were quoted in CLP.

Foreign operations

Assets and liabilities in foreign subsidiaries, including goodwill and adjustments for fair value included in the consolidation are translated into NOK using the exchange rate at the balance sheet date. Revenues and costs from foreign operations are translated into NOK using the average exchange rate for the period. The exchange differences arising from the translation are recorded against the equity.

When translating foreign currencies into NOK the group is using the mid rate on the balance date listed by Norges Bank, the Central Bank of Norway. Norges Bank has however not quoted the exchange rate between NOK and ISK since mid December 2008. The rate used for NOK vs ISK at the balance date in the consolidation is the rate quoted by the Central Bank of Iceland.

1.17 Employee benefits

Defined contribution plan

All group companies have pension schemes based on contributions from the company to the employees. The companies' payments are recognised in the income statements for the year to which the contribution applies. The companies have no further commitments towards pensions when the agreed contributions are paid.

Defined benefit plans

The Norwegian entities have uninsured pension liabilities related to future estimated obligations of AFP (early retirement scheme covering all employees in Norway).

The pension liabilities are calculated by actuaries each year. The pension commitments and pension costs are determined using a linear accrual formula. A linear accrual formula distributes the accrual of future pension benefits in a straight line over the accrual period, and regards the employees' accrued pension rights during a period as the pension costs for the year. The introduction of a new defined benefit plan or any improvement to the present defined benefit plan leads to changes in the pension commitments. These are recognised as expenses in a straight line until the effect of the changes has been accrued. The introduction of new schemes or changes to existing schemes that take place with retroactive force so that the employees have immediately accrued a paid-up policy (or a change in a paid-up policy) is recognised in the income statement immediately. Gains or losses linked to reductions in or terminations of pension plans are recognised in the income statement when they arise. Actuarial gains and losses at year-end are booked against the equity so that the full pensions liability is shown in the balance sheet at year-end.

The pension commitments are calculated on the basis of the present value of future cash flows.

The company's right of reimbursement regarding some or all of previous costs relating to the termination of a defined benefit plan is recognised in the income statement when, and only when, the reimbursement is certain. A separate asset is then recorded and measured at its fair value.

Severance pay

In some countries, the companies are obliged by law to provide severance pay for redundancies due to reductions in the workforce. The costs relating to severance pay are set aside once the management has decided on a plan that will lead to reductions in the workforce and the work of restructuring has started or the reduction in the workforce has been communicated to the employees.

Options

The group has an equity-based option scheme for employees in senior positions. The options are recorded in accordance with IFRS 2. See notes for details.

1.18 Loans

Loans are recognised at the amount received, net of transaction costs. The loans are thereafter recognised at amortised costs using the effective interest rate method, with the difference between the net amount received and the redemption value being recognised in the income statement over the term of the loan.

Borrowing costs are capitalised when the interest costs are incurred during the non-current asset's construction period. The borrowing costs are capitalised until the date when the non-current asset is ready for use. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognised. Borrowing costs are recognised in the income statement when they arise. Borrowing costs are capitalised to the extent that they are directly related to the purchase, construction or production of a non-current asset.

1.19 Government grants

Grants from the authorities are not recognised until it is reasonably certain that the company will meet the conditions stipulated in connection with the receipt of the grants and that the grants will be granted. The recognition of grants is postponed and amortised over the same period the costs which the grants are intended for are incurred. Grants are recognised as deductions from the cost that the grant is meant to cover. Grants received to buy non-current assets are capitalised.

1.20 Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all taxable temporary differences, with the exception of:

- goodwill for which amortisation is not deductible for tax purposes
- temporary differences relating to investments in subsidiaries, associates or joint ventures when the group decides when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes to utilise the tax asset. At each balance sheet date, the group carries out a review of its unrecognised deferred tax assets and the value it has recognised. The companies recognise formerly unrecognised deferred tax assets to the extent that it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce its deferred tax assets to the extent that it can no longer utilise these.

Deferred tax and deferred tax assets are measured on the basis of the decided future tax rates applicable to the companies in the group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognised irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

The tax payable and deferred tax are recognised directly in equity to the extent that they relate to factors that are recognised directly in equity.

Tax payable and deferred tax/tax assets are calculated at the tax rate applicable to accrued, retained equity. The tax effects of dividend are taken into account when the company has incurred an obligation to distribute dividend.

1.21 Impairment of assets

Financial instruments

Financial instruments are reviewed at each balance sheet date in order to discover any decrease in value.

Financial assets which are valued at amortised cost are written down when it is probable that the company will not recover all the amounts relating to contractual issues for loans, receivables or hold-to-maturity investments. The amount of the impairment loss is recognised in the income statement. Any reversal of previous impairment losses is recognised when a reduction in the need to write down the asset can be related to an event after the impairment loss has been recognised. Such a reversal is presented as income. However, an increase in the carrying amount is only recognised to the extent that it does not exceed what the amortised cost would have been if the impairment loss had not been recognised.

For financial assets that are classified as available for sale, the accumulated gain or loss that has been previously recognised directly in equity is recognised in the income statement for the period when objective information on the fall in value is available. That part of the debt instrument that can be recovered is valued at the fair value of the future cash flow discounted at a rate equal to the yield on an identical financial asset. A reversal of a previous impairment loss is recognised when there is new objective information on an event relating to a previous impairment loss. A reversal of a previous impairment loss is recognised directly in equity for equity instruments, but is recognised in the income statement for other financial assets.

Other assets

An assessment of impairment losses on other assets is made when there is an indication of a fall in value. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognised in the income statement. To the extent that the impairment loss relates to buildings that are recognised at revalued amounts, the impairment loss is recognised as a reduction in revaluation surplus to the extent that the impairment loss is not greater than the revaluation surplus for the building. The recoverable amount is the higher of the fair value less costs to sell and the discounted cash flow from continued use. The fair value less costs to sell is the amount that can be obtained from a sale to an independent third party minus the sales costs. The recoverable amount is determined separately for all assets but, if this is impossible, it is determined together with the entity to which the assets belong.

With the exception of goodwill, impairment losses recognised in the income statements for previous periods are reversed when there is information that the need for the impairment loss no longer exists or is not as great as it was. The reversal is recognised as revenue or an increase in other reserves.

However, no reversal takes place if the reversal leads to the carrying amount exceeding what the carrying amount would have been if normal depreciation periods had been used.

1.22 Segments

For management purposes, the group is organised into two business areas according to their range of products/services. These business areas comprise the basis for primary segment reporting. Financial information relating to segments and geographical divisions is presented in note 2.

In the segment reporting, the internal gain on sales between the various segments is eliminated.

1.23 Contingent liabilities and assets

Contingent liabilities are defined as
(i) possible obligations resulting from past events whose existence depends on future events.
(ii) obligations that are not recognised because it is not probable that they will lead to an outflow of resources
(iii) obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the annual financial statements. Significant contingent liabilities are stated, with the exception of contingent liabilities where the probability of the liability occurring is remote.

A contingent asset is not recognised in the annual financial statements, but is stated if there is a certain level of probability that a benefit will accrue to the group.

1.24 Events after the balance sheet date

New information on the company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date but which will affect the company's position in the future are stated if significant.

1.25 Use of estimates when preparing the annual financial statements

The annual financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards). This means that the management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. This particularly applies to the recognition of revenue of long-term manufacturing contracts (note 19) and assessment of goodwill (notes 7 and 22). Future events may lead to these estimates being changed. Such changes will be recognised when new estimates can be determined with certainty.

1.26 IFRS and IFRIC Interpretations not yet effective

The group has not applied the following IFRS and IFRIC interpretations that have been issued but are not yet effective:

Amendments to IFRS 1- First time Adoption of IFRS and IAS 27 – Consolidated and Separate financial statements
IFRS 1 has been amended to allow an entity, in its separate financial statements, to determine the cost of investments in subsidiaries, jointly controlled entities or associates (in its opening IFRS financial statements) as one of the following amounts:

Cost determined in accordance with IAS 27; or

Deemed cost – being the fair value of the investment in its separate financial statement at the date of transition to IFRS determined in accordance with IAS 39 *Financial Instruments: Recognition and Measurement;* or

Deemed cost – being the previous GAAP carrying amount of the investment at the date of transition to IFRS.

IAS 27 will require all dividends from a subsidiary, jointly controlled entity or associate to be recognized in profit or loss in its separate financial statement. The revisions to IAS 27 are to be applied prospectively. The revisions to IFRS1/IAS 27 are to be applied on annual periods beginning on or after 1 January 2009

Amendments to IFRS 2 Share based Payments – Vesting conditions and cancellation
This amendment to IFRS 2 clarifies the vesting conditions. The accounting for cancellations of shared based payments that is a result that conditions other than the vesting conditions are not fulfilled is also described. The Group plans to implement the amendment from 1 January 2009.

IFRS 3 (revised) - Business Combination
Compared to the existing IFRS 3 the revised IFRS 3 incorporates certain changes and clarifications related to the use of the purchase method. This relates to goodwill in business combinations achieved in stages, minority interests and continent considerations. Transactions costs, other than share and debt issuance costs, will be expensed as incurred. The Group expects to implement IFRS 3 (R) from the annual period starting 1 January 2010 without retrospect effect.

IFRS 8 Operating segments
IFRS 8 supersedes IAS 14 - Segment reporting. The standard introduces "management approach" to the identification of the segments. The disclosure of the segment information shall be consistent with the internal reporting to the Group's Chief Operating Decision Maker that is used to assess the segments performance and to allocate resources to the segments. IFRS 8 requires disclosure about the basis for the segment information, and each type of product and service where each segment generates revenue. The Group will implement IFRS 8 1 January 2009 with comparable information.

IAS 1 (revised) – Presentation of Financial Statements
The revised standard introduces changes to the presentation of the financial statements, especially the statement of changes in equity and introduces a statement of non-owner transaction in the presentation of Comprehensive Income. The presentation of Comprehensive Income may be presented either in a single statement that includes both the profit and loss statement and all the non-owner transaction changes in equity or in a separate statement. The Group will implement IAS 1 1 January 2009 with comparable information.

IAS 23 (revised) – Borrowing Costs
IAS 23 (R) removes the option to expense borrowing related to the acquisition of a qualifying asset. Capitalization of borrowing cost will be the only option. The Group will implement IAS 23(R) from 1 January 2009.

IAS 27 (revised) – Consolidated and Separate Financial Statements
Compared with the existing IAS 27 the revised standard extends the guidance for accounting of change of ownership interest in a subsidiary and the exit of a subsidiary. According to the new standard the Group measures the interest retained in a former subsidiary at fair value when control of the subsidiary is lost, and the corresponding gains or loss are recognised in the profit and loss statement. The allocation of losses between the majority and the minority interest is also changed so that losses can be allocated to minority interest even if this results in that minority interest with a negative amount in the balance sheet. The Group plans to implement IAS 27 (R) from 1 January 2010.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements- Puttable Financial Instruments and Obligations Arising on Liquidation
The amended IAS 32 and IAS 1 requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The amendments to IAS 1 relates to providing accompanying disclosures. The Group plans to implement the changes in IAS 32 and IAS 1 from 1 January 2010.

Amendments to IAS 39 –Financial instruments – Recognition and measurement - Eligible Hedged Items
The amended IAS 39 clarifies the principles for determining whether a hedged risk or portion of cash flows is eligible for designation for certain risks or components of the cash flow. The approved changes gives primarily additional guidance for hedging a one-sided risk (hedging with options) and hedging of inflation risk, but also clarifies that designated risks and cash flows must be identifiable and can be reliable measured. The Group plans to implement the changes in IAS 39 from 1 January 2010.

IFRIC 15 – Agreements for the construction of real estate
The interpretation address the accounting for real estate projects, which projects that shall be accounted for in accordance with IAS 11 construction contracts and which projects that shall be measured according to IAS 18. The interpretation is not yet approved by EU and the effective date will first be for annual periods commencing after 31 December 2008.

IFRIC 16 – Hedges of a net investment in a foreign operation
The interpretation addresses hedge accounting of the foreign currency exposure arising from a net investment in a foreign entity. The interpretation clarifies which types of hedges that can qualify for hedge accounting and the type of risks that can be hedged. The interpretation is not yet approved by EU and the effective date will first be for annual periods commencing after 31 December 2008.

IFRIC 17 – Distributions of non-cash assets to owners
The interpretation addresses accounting for distribution to owners in assets other than cash. The interpretation is not yet approved by EU and the effective date will first be for annual periods commencing after 31 December 2008.

IFRIC 18 – Transfers of Assets from Customers
The interpretation addresses the accounting of assets transferred from customers to vendors in the utility sector, which is then used to connect the customers to a network and/or provide them with ongoing access to a supply of goods and/or services, such as electricity, gas and water. The interpretation also include the case when the vendors receive cash from customers, which is then used to acquire such assets. The interpretation is not yet approved by EU and the effective date will first be for annual periods commencing after 1 July 2009.

Annual improvements project
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations:* When a subsidiary is held for sale, all of its assets and liabilities shall be classified as held for sale under IFRS 5, even when the entity will retain a non-controlling interest in the subsidiary after the sale.

IAS 1 *Presentation of Financial Statements:* Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and measurement, are not automatically classified as current in the balance sheet.

IAS 16 *Property, Plant and Equipment:* Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds on sale are subsequently shown as revenue.

IAS 19 *Employee Benefits:* Revises the definition of "past service costs" to include reductions in benefits related to past services ("negative past service costs") and to exclude reductions in benefits related to future services that arise from plan amendments. Amendments to plans that result in a reduction in benefits related to future services are accounted for as a curtailment.
Revises the definition of "return on plan assets" to exclude plan administration costs if they have already been included in the actuarial assumptions used to measure the defined benefit obligation.

Deletes the reference to the recognition of contingent liabilities to ensure consistency with IAS 37 Provision, Contingent Liabilities ad Contingent Assets.

IAS 20 *Accounting for Government Grants and Disclosures of Government Assistance:* Loans granted with no or low interest rates will not be exempt from the requirements to impute interest. Interest is to be imputed on loans granted with below-market interest rates, thereby being consistent with IAS 39. The difference between the amount received and the discount amount is accounted for as a government grant.

IAS 28 *Investments in Associates:* If an associate is accounted for at fair value in accordance with IAS 39 (as it is exempt from the requirements of IAS28), only the requirements of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

IAS 31 *Interests in Joint Ventures:* If a joint venture is accounted for at fair value, in accordance with IAS 39 (as it is exempt from the requirements of IAS 31), only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expenses will apply.

IAS 36 *Impairment of Assets:* When discounted cash flows are used to estimate "fair value less to sell", the same disclosure is required as when discounted cash flows are used to estimate "value in use".

IAS 38 Int*angible Assets:* Expenditures on advertising and promotional activities is recognized as an expense when the entity either has the right to access the goods or has received the services. Advertising and promotional activities now specifically include mail order catalogues.

IAS 39 *Financial instruments:* Recognition and measurement: Clarifies that changes in circumstances relating to derivatives – specifically derivatives designated or de-designated as hedging instruments after initial recognition – are not reclassifications. Thus, a derivative may be either removed from, or included in the "fair value through profit or loss" classification after initial recognition.

Removes the reference in IAS 39 to a "segment" when determining whether an instrument qualifies as a hedge. Requires use of the revised effective interest rate (rather than the original effective interest rate) when remeasuring a debt instrument on the cessation of fair value hedge accounting.

IAS 40 *Investment property:* Revises the scope (and the scope of IAS 16) such that property that is being constructed or developed for future use as an investment property, is classified as investment property. If an entity is unable to determine the fair value of an investment property that is under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete.

The Group does not expect that implementation of the changes listed above will have a material effect on the financial statement of the Group on the date of implementation.

Note 2 Segment information (in NOK 1 000)

Business segments

OPTECH
The business area's main products are centralised feed, sensor, lightning, net cleaning, software and recirculation systems. The feeding system transport feed from a central location or vessel through flexible pipes to the cages. The technology is developed by AKVA group and is controlled by a control system, which toghether with sensor ensures optimal production control for the fish farmer. Lightning and net cleaning systems are used to optimize the production. AKVA group ASA is market leader within lightning and net cleaning systems. AKVA group is, through the Fishtalk software, the market leader in software to the fish farming industry. The recirculation systems are used in relation to land-based fish farming.

INTECH
The business area's main products are Polarcirkel plastic cages, Wavemaster steel cages and Akvamaster feeding barges. The company also supply piping and working boats to the aquaculture and other industries.

	OPTECH			INTECH		
	2008	2007	2006	2008	2007	2006
Operating income	399 163	343 302	196 123	467 362	517 522	159 837
Operating expenses	374 084	307 673	164 582	439 695	466 361	149 570
Operating profit before depreciation and amortisation (EBITDA)	25 079	35 629	31 541	27 667	51 161	10 267
Depreciation and amortisation	21 728	14 852	7 829	7 744	6 762	2 053
Operating profit (EBIT)	3 351	20 777	23 712	19 923	44 399	8 214
Assets	407 603	400 612	281 720	268 608	284 164	242 293
Liabilites	269 298	231 331	119 324	97 318	117 003	114 056
Investments in the period	19 906	13 426	6 009	7 793	14 276	39 344

	TOTAL		
	2008	2007	2006
Operating income	866 525	860 824	355 961
Operating expenses	813 779	774 034	314 152
Operating profit before depreciation and amortisation (EBITDA)	52 746	86 790	41 809
Depreciation and amortisation	29 472	21 615	9 882
Operating profit (EBIT)			31 927
Assets	676 211	684 775	524 013
Liabilites	366 616	348 333	233 380
Investments in the period	27 699	27 702	45 353

2008

Geographical segments	Norway	Chile	Canada	Scotland	Iceland	Other	Group
Operating income - external customers	446 878	183 999	65 352	49 216	46 447	74 634	**866 525**
Assets	378 014	170 951	43 955	35 859	24 075	23 357	**676 211**
Investments in the period	22 385	1 779	941	617	1 594	382	**27 699**

2007

Geographical segments	Norway	Chile	Canada	Scotland	Iceland	Other	Group
Operating income - external customers	402 252	230 509	81 512	43 767	40 833	61 952	**860 824**
Assets	388 201	162 659	50 561	38 888	29 705	14 761	**684 776**
Investments in the period	21 074	3 758	796	375	1 313	386	**27 702**

2006

Geographical segments	Norway	Chile	Canada	Scotland	Iceland	Other	Group
Operating income - external customers	167 962	129 130	26 453	13 433	-	18 983	**355 961**
Assets	367 201	112 498	28 959	14 856	-	499	**524 013**
Investments in the period	25 027	12 933	5 883	1 133	-	377	**45 353**

Note 3 Wages and remunerations (in NOK 1 000)

Wage costs	2008	2007	2006
Salaries	171 861	134 327	45 241
Payroll tax	14 739	13 071	6 337
Pension costs	8 582	-4 133	1 408
Other benefits	13 823	13 546	6 726
Total pay roll expenses	209 006	156 811	59 713
Number of employees at yearend:	528	589	347
The average number of employees in full time equivalent in the group during the year is:	562	490	226

Remuneration to group management 2008	Salary	Pension	Other	Bonus	Options	Total
Knut Molaug (CEO)	1 334	47	179	150	27	1 737
Rolf Andersen (CFO)	1 081	47	27	150	15	1 320
Trond Severinsen (CMO)	899	47	176	150	12	1 284
Jone Gjerde (COO)	999	47	25	-	13	1 084
Patrick Dempster (GM North America)	1 055	-	35	-	12	1 102
Morten Nærland (GM Chile)	1 075	-	-	-	12	1 087

Upon retirement the CEO can claim 6 months of salary beyond the termination period.
The Norwegian group companies had a bonus program for all employees in 2008. According to the program a maximum bonus equivalent to 2 monthly salaries could be earned based on the EBIT of the companies.

Loan and pledge
The group has not given any loans or pledges to members of the Board or group management as of December 31.

Stock options
A stock option plan was introduced in 2006. The remuneration related to options is a calculated theoretical amount based on the time value in the option period. There has been no exercises of options in 2008, neither any payments in connection with the option plan. See details of stock options to group management in note 14 and also note 21.

Remuneration to group management 2007	Salary	Pension	Other	Bonus	Options	Total
Knut Molaug (CEO)	1 265	41	159	94	386	1 945
Rolf Andersen (CFO)	947	37	4	60	214	1 262
Trond Severinsen (CMO)	812	40	109	67	172	1 200
Jone Gjerde (COO)	521	26	512	-	81	1 140
Patrick Dempster (GM North America)	1 036	-	115	42	172	1 365
Morten Nærland (GM Chile)	1 014	-	-	-	172	1 186

Fees to the Board of Directors	Position	2008	2007	2006
Steven Morell	Chairperson of the Board	250	250	133
Arne Økland	Member of the Board	140	140	49
Thorhild Widvey	Member of the Board	125	125	33
Anne Breiby	Member of the Board	168	125	33
Thore Michalsen	Member of the Board	140	140	49
Ingvild Andersen	Member of the Board	28	-	-
Kjell A. Corneliussen	Member of the Board	18	-	-
Knut Drange	Member of the Board	18	-	-
Kenneth Idland	Former member of the Board	15	30	26
Jens Christian Hernes	Former member of the Board	15	30	26
Ian Lozano	Former member of the Board	-	117	49
Allan Troelsen	Former member of the Board	-	-	30
Gunnar Kluge	Former member of the Board	-	-	30
Haakon Skaarer	Former member of the Board	-	-	30[1]

[1)] The fee was paid to the company he represented in the board.

The members of the Election Committee, Gunnar Kluge, Lisbeth Flågeng and Haakon Skaarer, received in 2008 each a remuneration of NOK 10 000.

Establishment of salaries and other remuneration to executive management
The remuneration of the executive management is based on the principle that the base salary shall promote value creation in the company and contribute to coincident interests between owners and the executive management.

As the leading aquaculture technology supplier, AKVA group is dependent to offer salaries and remunerations that secure that the most compentent management is recruited. It is the policy of the Board of Directors that in order to recruit the most competent management, the company has to offer salaries and remunerations which are satisfactory to the management and are able to compete in an international market.

The Board of Directors has established a remuneration comittee which shall act as a preliminary organ in relation to the Boards role in the establishment of remuneration to the Chief executive officer and other members in the group management.

It is the company's policy that the remuneration of the executive management principally is based on a fixed monthly salary which reflects the tasks and responsibility of the employment. This remuneration is established on an individual basis. The fixed monthly salary is determined amongst other of the following factors:

- Experience and competence of the executive manager
- Responsibility
- Competion from the market

Total variable remuneration shall not in normal cases exceed the value of the fixed remuneration. AKVA group has a bonus program for all employees in Norway. AKVA group introduced in 2006 a stock option plan. Stock options are granted to the executive management and other senior employees.

The agreed pension plan is the same for the executive management as for the rest of the Norwegian employees.

Salary payments after termination of employment is normally related to confidentiality and restrictive competitor agreements in which these payments shall only compensate for the constraints to the resigned employers permission to enter into a new employment agreement. Agreements of payment after termination of employement shall as a basis be reduced with salaries from other employees. AKVA group ASA does not use agreements of salary payments after termination of employment without a distinct reason.

Fees to auditor	2008	2007	2006
Audit	1 794	1 690	1 153
Tax services	430	190	140
Attestation services	20	20	10
Other services	527	1 760	699
Total	**2 771**	**3 660**	**2 002**
Hereof recorded against acquisition cost of purchased companies	568	1 483	
Hereof recorded against equity related to share issues			1 202

Fee to auditor also includes the fee to auditors of other acquired companies in 2007. All fees to the auditor is excl. VAT.

Note 4 Government Grants and Subsidies (in NOK 1 000)

Government grants	2008	2007	2006
"Skattefunn"	1 809	1 411	1 618
The Research Council of Norway	1 801	85	327
Other	1 274	798	626
Total	**4 884**	**2 294**	**2 571**

Note 5 Taxes (in NOK 1 000)

Tax expense	2008	2007	2006
Current taxes payable	1 915	5 963	2 068
Adjustment related to previous year	403	-363	
Change in deferred taxes	2 957	5 504	3 211
Total tax expense	**5 275**	**11 104**	**5 279**

Calculation of the basis for taxation	2008	2007	2006
Profit before tax	10 792	63 113	30 572
Permanent differences	1 047	4 571	-11 550
Change in temporary differences	-5 253	-40 225	-12 192
Tax base	6 586	27 460	6 830

Specification of temporary differences	2008	2007	2006
Current assets	-3 805	-2 557	-1 451
Fixed assets	-485	-4 046	-15 130
Provisions	-4 447	-1 939	-5 167
Pension obligations	-2 250	-1 512	-12 541
Losses carried forward	-68 298	-94 406	-51 962
Other	409	9 670	-3 310
Total	-78 875	-94 790	-89 561
Calculated deferred tax assets	-21 164	-25 988	-24 981
Deferred tax asset not recognised in balance sheet	7 553	5 218	6 551
Deferred tax asset	-13 610	-20 770	-18 430

The group has a tax loss carry forward of NOK 68.3 mill whereof all is available indefinitely for offset against future taxable profits of the companies in which the losses arose. The deferred tax asset recognised in the balance sheet is made probable due to future earnings in the subsidiaries and tax planning.

Effective tax rate	2008	2007	2006
Expected income taxes, statutory tax rate of 28%	3 022	17 672	8 560
Permanent differences (28%)	293	1 280	-3 234
Deviation between Norwegian and foreign tax rate	-778	-1 550	-753
Tax effect of share issue costs	-	-	3 790
Excess(-)/insufficient(+) provisions in former years	403	-363	
Change in non-capitalised deferred tax asset	2 336	-5 935	-3 084
Income tax expense	**5 275**	**11 104**	**5 279**
Effective tax rate in percent of profit before tax	48,9 %	17,6 %	17,3 %

Expiry dates of Tax Loss Carry Forwards	
2009	-
2010	-
2011	-
2012	-
2013	-
2014	-
2015	-
2016	-
2017	-
2018	-
Tax loss carryforwards without time restrictions	-68 298
Total	**-68 298**

About 2/3 of the tax loss carryforwards without time restrictions and recorded as a deferred tax asset is related to Norwegian tax jurisdiction. The companies included in the group are expected to have positiv earnings in the coming years and the tax loss carry forwards can be offset against these profits.

Note 6 Net earnings per share (in NOK 1 000)

	2008	2007	2006
Ordinary profit/ net income	5 517	52 009	25 293
Number of ordinary shares outstanding per 31.12.	17 222 869	17 222 869	17 222 869
Weighted average number of ordinary shares	17 222 869	17 222 869	8 918 090
Earnings per share (NOK)	0,32	3,02	2,84
Diluted number of shares	17 222 869	17 271 167	8 918 090
Diluted earnings per share	0,32	3,01	2,84

The diluted number of shares is calculated based on the stock option plan introduced in 2006 and on the number of options in the money at the end of the year.

At 31.12.2008 diluted number of shares was equal to number of ordinary shares. See note 21 Options to employees.

Note 7 Intangible assets (in NOK 1 000)

2008	Goodwill	Development costs	Product rights, patents & trademarks	Total 2008
Acquisition cost at 01.01.	138 672	32 735	95 722	**267 129**
Additions related to investments in subsidaries	33 245	1 100	19 435	**53 780**
Acquisition cost during the year	-	9 136	1 035	**10 171**
Revaluations	-7 249	-	-3 410	**-10 659**
Disposals during the year	-	-	-	**-**
Acquisition cost 31.12.	164 668	42 970	112 783	**320 422**
Accumulated amortisation at 01.01.	395	15 010	47 689	**63 094**
Accumulated amortisation acquired companies	-	-	-	**-**
Accumulated amortisation disposals during the year	-	-	-	**-**
Amortisation during the year	-	5 819	13 350	**19 168**
Accumulated amortisation 31.12.	395	20 828	61 039	**82 262**
Net book value at 31.12.	**164 273**	**22 142**	**51 744**	**238 159**

2007	Goodwill	Development costs	Product rights, patents & trademarks	Total 2007
Acquisition cost at 01.01.	93 695	12 782	35 985	**142 462**
Additions related to investments in subsidaries	44 977	9 629	59 483	**114 089**
Acquisition cost during the year	-	10 324	254	**10 578**
Disposals during the year	-	-	-	**-**
Acquisition cost 31.12.	138 672	32 735	95 722	**267 129**
Accumulated amortisation at 01.01.	395	2 486	9 569	**12 450**
Accumulated amortisation acquired companies	-	7 841	29 049	**36 890**
Accumulated amortisation disposals during the year	-	-	-	**-**
Amortisation during the year	-	4 683	9 071	**13 754**
Accumulated amortisation 31.12.	395	15 010	47 689	**63 094**
Net book value at 31.12.	**138 277**	**17 725**	**48 033**	**204 035**

2006	Goodwill	Development costs	Product rights, patents & trademarks	Total 2006
Acquisition cost at 01.01.	3 009	6 627	17 978	**27 614**
Additions related to investments in subsidaries	90 686	474	17 300	**108 460**
Acquisition cost during the year	-	5 681	707	**6 388**
Disposals during the year	-	-	-	**-**
Acquisition cost 31.12.	93 695	12 782	35 985	**142 462**
Accumulated amortisation at 01.01.	395	742	5 101	**6 238**
Accumulated amortisation acquired companies	-	-	-	
Accumulated amortisation disposals during the year	-	-	-	**-**
Amortisation during the year	-	1 744	4 468	**6 212**
Accumulated amortisation 31.12.	395	2 486	9 569	**12 450**
Net book value at 31.12.	**93 300**	**10 296**	**26 416**	**130 012**

Both the parent company and the subsidiaries use linear amortisation of all intangible assets.
The useful economic life for the intangible assets are estimated as:
Development 3-5 years, patents 20 years, trademarks 5 years and product rights 5-10 years.

Goodwill:
After the acquisition of Wavemaster, Polarcirkel, Maritech, UNI Aqua and Idema, AKVA group is a leading provider with a strong market position in an industry which is based on renewable resources. See impairment test of goodwill below.

Development Costs:
The company has capitalised all direct costs related to development of software and tangible products that are expected to create economic benefits and meet the requirements for capitalisation in IAS 38. See also note 8.

Patents & trademarks:
The acquisition cost is related to the acquisition of Superior Systems AS (2001), Vicass (2002), Cameratech (2004), Ocean Service Log (2004), Polarcirkel/Wavemaster (2006), Maritech/UNI Aqua (2007) and Idema Aqua (2008).

Impairment test of goodwill:
Intangible assets with indefinite useful life and goodwill are not amortised. However, these assets are tested annualy for impairment. Goodwill acquired through business combinations have been allocated to the following cash-flow generating units:

Book value of goodwill:	2008	2007	2006
OPTECH			
Software and IT-services	27 638	39 921	2 968
Uni recirculation	19 458	10 049	0
Idema	26 621	0	0
INTECH			
Plastic cages	49 418	49 271	49 271
Steel cages	41 138	39 036	41 061
Total	**164 273**	**138 277**	**93 300**

The recoverable amount for the different cash-generating units is determined using cash flow projections from financial budgets approved by the Board of Directors. The after-tax discount rate applied to cash flow projections is in the range 9.5-11.6 %. Cash flow beyond a five year period are extrapolated using a 2.5 % growth rate, which is a conservative estimate of the growth of the aquaculture industry.

Key assumptions used for calculations:
- Gross margin – the rates are only with immaterial changes based on achieved gross margins during the last three years
- Discount rates – 9.5-11.6 %
- Raw material prices – it is expected that any change in the raw material prices during a reasonable time period will be reflected in product market prices and thus not have any material effect on achieved gross margins
- Market share during the period – the calculations are based on the assumption that market share will not change significantly from the date of the calculation
- Growth rate – the aquaculture industry is expected to have a high growth in the foreseeable future. The applied growth rate of 2.5 % is a conservative estimate of this growth
- Currently, the salmon industry is an important basis of the revenues of the company. Due to the expected cyclicality of this industry the growth rate can vary significantly from year to year

Sensitivity to changes in assumptions IAS 36.134(f)
With regard to the assessment of value-in-use of the different cash flow generating units management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount short term. One possible exception may be Maritech Iceland. The current economic conditions on Iceland are challenging and adds uncertainty about the development in the company. Despite this the company has been performing well into 2009 and there is no indication of a need to write down goodwill related to Iceland at the time of the approval of consolidated accounts. Further, despite the current economic conditions on Iceland the market position of Maritech Iceland is strong and the company is well positioned to benefit from improved market conditions long term.

Note 8 Research and development

During the year the group expensed NOK 16.8 mill (NOK 8.9 mill in 2007 and NOK 4.6 mill in 2006) on research and development on new products and technology as well as upgrades on existing products. The amount does not include capitalised development costs according to IAS 38 (see details in note 7).

Note 9 Tangible fixed assets (in NOK 1 000)

2008	Land and building	Machinery and equipment	Total
Acquisition cost at 01.01.	5 182	65 331	70 513
Additions related to investments in subsidiary during the year	2 098	4 509	6 607
Additions during the year	213	16 782	16 995
Disposals during the year	-1 175	-4 718	-5 893
Acquisition cost 31.12.	6 318	81 903	88 221
Accumulated depreciation 01.01.	3 979	32 539	36 518
Accumulated depreciation acquired companies	55	1 465	1 520
Depreciation during the year	86	10 219	10 304
Accumulated depreciation disposals during the year	-3	-1 626	-1 629
Accumulated depreciation 31.12.	4 117	42 596	46 713
Net book value 31.12.	**2 201**	**39 308**	**41 509**
Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:	> 10	3-10	

2007	Land and building	Machinery and equipment	Total
Acquisition cost at 01.01.	0	38 878	38 878
Additions related to investments in subsidiary during the year	5 182	11 327	16 509
Additions during the year	0	18 561	18 561
Disposals during the year	0	-3 436	-3 436
Acquisition cost 31.12.	5 182	65 331	70 513
Accumulated depreciation 01.01.	0	16 564	16 564
Accumulated depreciation acquired companies	3 894	8 725	12 619
Depreciation during the year	85	7 776	7 861
Accumulated depreciation disposals during the year	-	-526	-526
Accumulated depreciation 31.12.	3 979	32 539	36 518
Net book value 31.12.	**1 203**	**32 792**	**33 995**
Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:	> 10	3-10	

2006	Machinery and equipment	Total
Acquisition cost at 01.01.	19 361	19 361
Acquisitions during the year	23 190	23 190
Disposals during the year	-3 673	-3 673
Acquisition cost 31.12.	38 878	38 878
Accumulated depreciation 01.01.	13 868	13 868
Depreciation during the year	3 670	3 670
Accumulated depreciation disposals during the year	-973	-973
Accumulated depreciation 31.12.	16 565	16 565
Net book value 31.12.	**22 313**	**22 313**
Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:	3-10	

Note 10 Subsidiaries and other long-term investments (in NOK 1 000 unless stated otherwise)

Subsidiaries consolidated in the group accounts Company	Acquisition year	Location	Share ownership	Voting rights
AKVA group North America Inc.	1995	Canada	100 %	100 %
AKVAsmart Chile S.A.	1998	Chile	100 %	100 %
AKVA group Scotland Ltd.	1997	Scotland	100 %	100 %
AKVA Ltd [1]	1998	Scotland	100 %	100 %
Superior Systems AS	1997	Norway	100 %	100 %
AKVA AS	2001	Norway	100 %	100 %
Feeding Systems Chile Ltda	2003	Chile	100 %	100 %
Akvasmart AS	2004	Norway	100 %	100 %
CameraTech AS [2]	2004	Norway	100 %	100 %
AKVAsmart Ltd. (Turkey)	2005	Turkey	100 %	100 %
AKVA services AS	2006	Norway	100 %	100 %
Polarcirkel AS	2006	Norway	100 %	100 %
Wavemaster Ltd	2006	Ireland	100 %	100 %
Wavemaster Maestranza Chile SA [3]	2006	Chile	100 %	100 %
Integración de Tecnologías Medioambientales S.A. [3]	2006	Chile	100 %	100 %
Wavemaster Net Services Ltd	2006	Canada	100 %	100 %
Maritech International AS	2007	Norway	100 %	100 %
Maritech AS [4]	2007	Norway	100 %	100 %
Maritech ehf [4]	2007	Iceland	100 %	100 %
Maritech UK [4]	2007	Scotland	100 %	100 %
Maritech Chile Ltda [4]	2007	Chile	100 %	100 %
Surefish Inc. [4]	2007	USA	100 %	100 %
AKVA group Denmark A/S	2007	Denmark	100 %	100 %
AKVA group SEA	2008	Thailand	100 %	100 %
Idema Aqua AS	2008	Norway	100 %	100 %
Idema Aqua UK Ltd [5]	2008	Scotland	100 %	100 %
Idemaqua Chile Ltda [5]	2008	Chile	100 %	100 %

[1] Subsidiary of AKVA group Scotland Ltd.
[2] Subsidiary of Akvasmart AS
[3] Subsidiary of AKVAsmart Chile SA
[4] Subsidiary of Maritech International AS
[5] Subsidiary of Idema Aqua AS

Other long-term investments	Currency	Share capital	Number of shares	Par value (NOK)	Book value	Ownership
Centre for Aquaculture Competence AS	NOK	450	150	1 000	153	33 %
Blue Planet AS	NOK	1 350	2	50 000	100	7 %
Total					**253**	

Note 11 Stock (in NOK 1 000)

	2008	2007	2006
Raw materials (at cost)	28 691	21 873	19 774
Work in progress (at cost)	15 483	23 673	15 576
Finished goods (at net realisable value)	98 233	73 205	60 995
Total	**142 406**	**118 750**	**96 344**
Write-down of obsolete stock 1.1	700	2 276	2 600
Write-down of obsolete stock during the year	317	-1 576	-324
Write-down of obsolete stock 31.12	1 017	700	2 276

The write down of obsolete stock at year end is related to finished goods.

Note 12 Receivables (in NOK 1 000)

Receivables due in more than one year

	2008	2007	2006
Other long-term receivables	2 208	1 854	1 181
Total	**2 208**	**1 854**	**1 181**

Accounts receivables

The recorded accounts receivables are shown net of estimated bad debt loss. The estimated bad debt loss is:

	2008	2007	2006
Bad debt provision 1.1	4 163	1 700	942
Increase in bad debt provision related to acquisitions	135	559	500
Change in bad debt provision	1 468	1 904	258
Bad debt provision 31.12.	5 767	4 163	1 700
Recorded bad debt cost during the year	1 923	893	133
Change in bad debt provision	1 468	1 904	259
Total bad debt cost during the year	3 392	2 797	392

Of the recorded bad debt cost during the year all was covered by bad debt provision.

Reference is made to note 18 for more details of credit and currency risk related to accounts receivable.

As of 31.12. the group had the following ageing profile of outstanding accounts receivables

	Total	Not due	Due <30 days	Due 31-60 days	Due 61-90 days	Due > 91 days
2008	171 100	81 920	33 922	13 388	33 496	8 374
2007	188 217	117 897	33 272	14 989	17 647	4 412
2006	102 033	64 968	23 023	7 812	4 984	1 246

Note 13 Bank Deposits (in NOK 1 000)

	2008	2007	2006
Restricted bank deposits	5 391	3 887	2 246
Overdraft limit	70 207	62 812	35 550
Utilised end of year	51 808	4 371	15 238

Note 14 Shareholders (in NOK 1 000)

The company's share capital is NOK 17.2 million divided into 17.2 million shares, each with a par value of NOK 1.
The company has only one category of shares and all shares entitle shareholders to equal rights in the company.

The 20 largest shareholders as at 31.12.2008	Number of shares	Ownership in % of total shares
Frode Teigen	2 699 400	15,7 %
SN-Invest AS	2 678 023	15,5 %
Arendals Fossekompani ASA	1 720 840	10,0 %
Skagen Vekst	1 585 000	9,2 %
Sociedad de Inversiones ABSO S.A.	939 635	5,5 %
Sociedad de Inversiones F y A S.A.	870 235	5,1 %
State Street Bank and Trust Co.	650 500	3,8 %
RBC Dexia Investor Services Bank	635 800	3,7 %
Skandinaviska Enskilda Banken	610 832	3,5 %
State Street Bank and Trust Co.	563 600	3,3 %
Six SIS AG	535 950	3,1 %
Havbruksconsult AS	332 157	1,9 %
Knut Molaug	313 928	1,8 %
Ole Molaug Eiendom AS	292 692	1,7 %
Braganza AS	276 800	1,6 %
MP Pensjon	190 000	1,1 %
Gunnar Kluge	173 150	1,0 %
Ole Molaug	167 192	1,0 %
Verdipapirfondet Danske Fund Norge	126 800	0,7 %
RBC Dexia Investor Service Trust	115 106	0,7 %
Other	1 745 229	10,1 %
Totalt	**17 222 869**	**100,0 %**

Shares owned by members of the Board of Directors	Number of shares	Options
Anne Breiby (Kjerby AS)	3 000	-
Ingvild S. Andersen	1 276	-
Kjell Arne Corneliussen	200	-

Shares owned by group management	Number of shares	Options
Knut Molaug (CEO)	313 928	127 526
Rolf Andersen (CFO)	2 100	70 848
Trond Severinsen (CMO)	14 950	56 678
Jone Gjerde (COO)	1 000	56 678
Patrick Dempster (GM North America)	200	56 678
Morten Nærland (GM Chile)	-	56 678

Note 15 Pensions (in NOK 1 000)

The pension schemes in all the Norwegian legal entities are defined contribution plans where agreed contributions are expensed as paid.
The companies have no further commitments towards pensions when the agreed contributions are paid.
All pensions costs are included in payroll expenses in the profit and loss statement.

Contribution plans	2008	2007	2006
Contributions expensed during the year	3 365	2 410	1 161

Benefit plans
The Norwegian legal entities also have uninsured pension liabilities related to future estimated obligations of AFP (early retirement scheme covering all employees in Norway).
A summary of the actuarial calculations of the total pension liability is shown below:

	2008	2007	2006
Service cost	220	266	856
Interest cost	89	58	704
Return on pension funds	-	-	-451
Recorded effect of deviations from estimates	-	-	-
Social security tax *	32	-23	67
Net pension cost	**340**	**301**	**1 176**

* The negative amount is related to reduced Social security tax rate in Northern Norway from 2006 to 2007

Actual return on plan assets, ref IAS 19.120A, is not applicable. See comments about AFP pension scheme below.

Benefit obligation	2008	2007	2006
Estimated pension obligations at 31.12.	2 209	1 532	21 472
Pension plan funds (market value) at 31.12.	-	-	-9 113
Unrecognised effects of deviations from estimates	-	-	-
Social security tax	205	144	879
Net benefit obligations	**2 414**	**1 676**	**13 238**

Changes in the present value of the defined benefit obligation are as follows	2008	2007	2006
Defined benefit obligation at 01.01.	1 676	13 238	505
Interest cost	89	58	704
Current service cost	252	243	472
Benefits paid	-	-	-1 267
Business combinations	-	-	12 824
Changed pension scheme in group companies	397	-11 863	-
Defined benefit obligation at 31.12.	**2 414**	**1 676**	**13 238**

According to IAS 19.120A the company shall inform of the changes in the fair value of plan assets. Since the group has no other defined benefit plans other than an unsecured early retirement scheme (AFP) there are no plan assets.

The group expects to contribute NOK 0.6 mill to its defined benefit pensions plan in 2008.

A listing of the major categories of plan assets as a percentage of the fair value of total plan assets, ref IAS 19.120A, is not applicable for the group since the benefit plans are related to unsecured AFP pension scheme and hence there are no plan assets.

Economical assumptions	2008	2007	2006
Discount rate	4,30 %	5,10 %	4,35 %
Expected wage growth	4,50 %	4,50 %	4,00 %
Expected social security base adjustment	4,25 %	4,25 %	4,00 %
Expected increase in pension	4,25 %	4,25 %	1,60 %
Expected turnover < 40 years	2,00 %	2,00 %	2,00 %
Expected turnover > 40 years	0,00 %	0,00 %	0,00 %

The actuarial calculations are based on assumptions of demographical factors normally used within the insurance industry.

According to Norwegian legislation the entities need to have a pension scheme for the employees.
The existing pension schemes meet the requirements in the legislation.

Note 16 Liabilities (in NOK 1 000)

Long-term liabilities due in more than 5 years	2008	2007	2006
Liabilities to financial institutions	34 040	39 265	1 913
Total	**34 040**	**39 265**	**1 913**

	2008	2007	2006
Liabilities secured with assets	145 428	115 293	39 294

Secured assets	2008	2007	2006
Accounts receivable	70 000	65 785	79 774
Stock	65 000	51 914	44 804
Other assets	314 744	247 635	184 533
Total	**449 744**	**365 334**	**309 111**

Repayment of debt
The company's long-term debt as at December 31, matures as follows.

	Group Long-term debt
2009	27 849
2010	21 063
2011	20 932
2012	20 782
2013	20 762
2014	20 762
Subsequent to 2014	13 278
Total	**145 428**
Average interest rate	7,30 %

The part of the long-term debt due within one year is reclassified to short-term interest bearing debt.

Note 17 Specification of items that are grouped in the financial statement (in NOK 1 000)

	2008	2007	2006
Financial income			
Other interest income	3 156	4 567	632
Agio gain	-	-	1 079
Other financial income	623	1 573	11
Total financial income	**3 780**	**6 140**	**1 723**
Financial expenses			
Interest expenses	12 244	7 604	2 310
Agio loss	2 082	283	-
Other financial expenses	1 936	315	768
Total financial expenses	**16 262**	**8 202**	**3 078**
Other operating expenses			
Accomodation, materials, equipment and maintenance	37 308	31 570	10 415
Marketing, travelling and communication	35 208	34 784	12 395
Other operating expenses	26 738	14 313	8 654
Total other operating expenses	**99 255**	**80 667**	**31 464**
Other current liabilities			
Accrued costs	11 719	12 142	10 161
Guarantee provisions	3 066	2 417	1 779
Other current liabilities	38 725	31 723	18 402
Total other current liabilities	**53 510**	**46 282**	**30 342**

Note 18 Financial instruments and risk management (in NOK 1 000)

Determination of fair value
The fair value of financial assets classified as "available for sale" and "financial assets at fair value through profit or loss" is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are not supported by observable market prices.

The fair value of forward exchange contracts is determined using the forward exchange rate at the balance sheet date. The fair value of currency swaps is determined by the present value of future cash flows. The fair value of options is determined using option pricing models. For all the abovementioned derivatives, the fair value is confirmed by the financial institution with which the group has entered into the contracts.

The following of the group's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other current receivables, overdraft facilities, long-term debts and "hold-to-maturity" investments.

The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into on "normal" terms and conditions.

The fair value of loan notes have been calculated using market interest rates.

The fair value of financial assets and liabilities recognised at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the balance sheet date. This applies to Loans to employees, refer to Note 3.

Deposits to lessors under operating leases, refer to Note 20.

The fair value of "hold-to-maturity" investments (with the exception of deposits mentioned above) is determined using available market prices.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments.

	2008		2007	
	Book Value	Fair value	Book Value	Fair value
Financial assets				
Cash	47 883	47 883	98 044	98 044
Trade receivables	171 100	171 100	188 217	188 217
Other non-current assets	19 082	19 082	18 857	18 857
Other long-term financial assets	2 208	2 208	1 854	1 854
Financial liabilities				
Bank overdraft	51 808	51 808	-	-
Trade and other payables	107 730	107 730	147 734	147 734
Interest-bearing loans and borrowings:				
Bank loans	145 680	145 680	124 704	124 704
Forward currency contracts	21 902	21 902	2 855	2 855

Currency risk
As part of the international activity the group's assets and liabilities as well as expected cash inflow and cash outflow are exposed to changes in the currency rates. Such risk is sought reduced by using currency forward contracts. The currency risk is managed by the parent company in cooperation with the subsidiaries.

In order to hedge the value of the items in the balance sheet denominated in a foreign currency the group had the following positions through forward contracts, all contracts with maturity in 2008:

Currency (Amounts in 1 000)		Bought/ sold	Net currency amount (in thousands)
American Dollar	USD	Sold	10 350
Danish Kroner	DKK	Sold	7 000
British Pound	GBP	Sold	2 000
Canadian Dollar	CAD	Sold	900
Euro	EUR	Sold	340
Chilean Pesos	CLP	Bought	3 857 760
Norwegian Kroner	NOK	Bought	88 150

Profit and loss from the above currency contract are recorded directly via the income statement under financial items. At the end of the year a loss of KNOK 20 075 was recorded as an unrealised loss.
The forward contracts are valued at estimated fair value.

As the group has revenues and costs denominated in different currencies the net value of the expected future cash inflow and cash outflow is exposed to changes in the currency rates. Based on group policy on these matters such risk is managed by using currency forward contracts in order to reduce the risk. At the end of the year the group had the following positions in forward contracts in order to hedge expected future cash flow. The expected cash flows subject to hedging are expected to take place during the first half of 2009 and hence be recognized in the income statement during the same period.

All currency contracts expire in 2009.

Currency (Amounts in 1 000)		Bought/ sold	Net currency amount (in thousands)
American Dollar	USD	Sold	4 650
Euro	EUR	Bought	1 840
Chilean Pesos	CLP	Bought	239 456
Norwegian Kroner	NOK	Bought	9 933

At the end of the year it was recorded a loss of KNOK 1 827 directly against the equity related to hedging of expected future cash flow.
The forward contracts are valued at estimated fair value. When the expected cash flow is translated into an item in the balance sheet or actually takes place, the recorded profit loss booked directly against the equity is reversed and included in the income statement together with the actual cash item in question. Any non-effective part of the hedge is booked as currency loss or gain under financial items in the income statement.

In the long run it is not possible to hedge the effects of changing currency rates. Especially within OPTECH with the deliveries of feeding equipment and sensors the company have a dominant cost base in NOK and is therefore exposed to the strenghtening of the NOK. In 2008 the group had export sales of about 65 MNOK of these products. A 10 % strenghtening of the NOK would then decrease the earnings with about 6.5 MNOK before possible price increases in the market. About 50 % of this exposure was related to sales in USD and CLP (sales in Chile). To decrease this exposure the group is working towards a more flexible cost structure for these products. The group has the same exposure in relation to other products but normally with a higher local cost base.

Interest rate risk
The group's interest bearing debt is based on a floating interest rate which implies that interest payments over time will fluctuate according to the changes in the interest rate level. The major part of the interest bearing debt is in NOK. To reduce the interest rate risk it is the strategy of the group to have a balanced mix between equity and debt financing vs the market risk in its industry. With the net interest bearing debt at year end interest cost would have been 1.5 MNOK higher with a 1 % higher interest rate during the year.

Credit risk
Part of the sale is credit sales where the group is exposed to credit risk towards the customer. The group has generally had low losses on outstanding receivables. For larger projects there are normally pre-payments from the customer and milestone payments along the progress of the project which reduce the credit risk towards the customers. To some extent the group uses trade finance instruments to reduce credit risk.
For details of ageing of accounts receivables, see note 12.

Market risk
In 2008 about 75 % of the revenues of the group came from customers producing salmon. To decrease the group's dependency of the salmon industry the group has launched a strategy to increase the share of revenues related to the aquaculture of other species than salmon to 50 % within 2015.
Due to the market variation in the different salmon markets the revenues can vary between years.
Still, the aquaculture industry in general is expected to be a high growth industry in the foreseeable future although the financial turmoil in the short run increases the uncertainty.

Based on the assumption that a change in sales will not affect the product gross margin and that other operating costs short term only will change 50 % of the change in sales - a change in the revenues of the group would have had the following impact on net income (25 % tax rate used):

Change in sales	Change in net income/equity (Amounts in 1 000)
10 %	15 518
5 %	7 759
2 %	3 104
-2 %	-3 104
-5 %	-7 759
-10 %	-15 518

To further evaluate the group's sensitivity to changes in the different markets see more details in note 2 about market size.

Capital structure and equity
The primary focus of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders value. The group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.
No changes were made in the objectives policies or processes during the year 2008 and 2007. The group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The group includes within net debt, interest bearing loans and borrowings less cash and cash equivalents. Capital includes convertible preference shares, equity attributable to equity holders of the parent less the net unrealised gains reserve.

Amounts in NOK 1 000	2008	2007
Interest bearing debt	197 488	124 703
Less cash	47 883	98 044
Net debt	149 604	26 659
Equity	309 595	336 442
Total equity and net debt	459 200	363 101
Debt ratio	**33 %**	**7 %**

Note 19 Long-term contracts (in NOK 1 000)

Revenue and profits on long-term contracts are recognised using the percentage of completion method. This method implies that profit is recognised according to the progress of the work, whereas any losses are fully recorded when incurred.

	2008	2007	2006
Total value of ongoing contracts	264 413	210 494	244 921
Total sales included from ongoing contracts 31.12.	197 122	110 949	140 405
Not invoiced work-in-progress included as accounts receivables	22 954	6 907	5 841
Remaining production on loss contracts	17 654	-	6 840

Note 20 Operational leases (in NOK 1 000)

The group has entered into several operating leases for offices, machinery and other equipment. The cost is as follows:

	2008	2007	2006
Operational leasing costs	5 814	2 006	1 233
Rent costs on buildings	13 747	9 953	5 053
Total	**19 561**	**11 959**	**6 286**

The future minimum rents related to non-cancellable leases fall due as follows for the group:

	Within 1 year	1 – 5 years	After 5 years
Machinery and equipment	2 916	2 948	8
Vehicles	2 887	2 915	105
Offices and buildings	13 170	30 612	5 154
Payments from subleases	-	-	-
Total	**18 974**	**36 475**	**5 267**

The main office lease agreement (headquarter) expires in 2011.
The agreement includes an option to extend the agreement for 5 years.

Note 21 Options to employees (in NOK 1 000)

The company has an option programme covering employees in selected senior positions. The option programme was established in connection with listing of the company at Oslo Stock Exchange in November 2006. New options has been granted during 2008.

The options have a 5 years vesting period. One third of the options can be vested after 1, 2 and 3 years. The options can be exercised at vesting date or anytime later in the 5 year period. The first possible vesting date was in November 2007. The strike price for the options is equal to the market price when the options are being granted. The strike price of the outstanding options varies between NOK 26.10 – 45.30 per share.

The fair value of the options has been calculated at grant date and charged to expenses over the period the options are earned (3 years). KNOK 327 has been charged to expenses in 2008 related to the option programme.

	2008	2007	2006
Total available options that can be issued	1 012 109	1 012 109	1 012 109
Available options not issued at year end	314 260	445 328	466 583
Options vested during the year	-	-	-
Oustanding options as per 31.12.	697 849	566 781	545 526

The fair value of the options has been estimated using the Black&Scholes option-pricing model. The average fair value of the options granted in 2008 is 3.14. The calculation is based on the following assumptions:

Strike price
The strike price is equal to the the stock exchange price at grant date.

Volatility
The expected volatility is based on historic volatility for peer group companies (35%).

The term of the option
In the calculation the expected average period to vesting is 3,5 years.

Dividend
The calculation is based on no dividend being paid in the vesting period.

Risk-free interest rate
The risk-free interest rate assumed when calculating the fair value was equal to the interest rate on goverment bonds at the time of the calculation.

Note 22 Acquisitions (in NOK 1 000)

For 2008 the following acquisitions have been made:

Idema Aqua AS
The acquisition date was 1 June 2008. The company is delivering light and net cleaning systems to the aquaculture industry. AKVA group purchased 100% of the outstanding shares in the company. The purchase included the shares of two subsidiaries; Idemaqua Chile Ltda and Idema Aqua UK Ltd. The agreed purchase price was MNOK 64.5. The purchase price was settled in cash.

	Fair value recognised on acquisition	Previous carrying value
Intangible assets	15 773	-
Tangible fixed assets	5 489	3 989
Financial fixed assets	-	-
Inventories	10 673	10 673
Receivables	13 475	13 475
Cash	5 542	5 542
Total assets	**50 952**	**33 679**

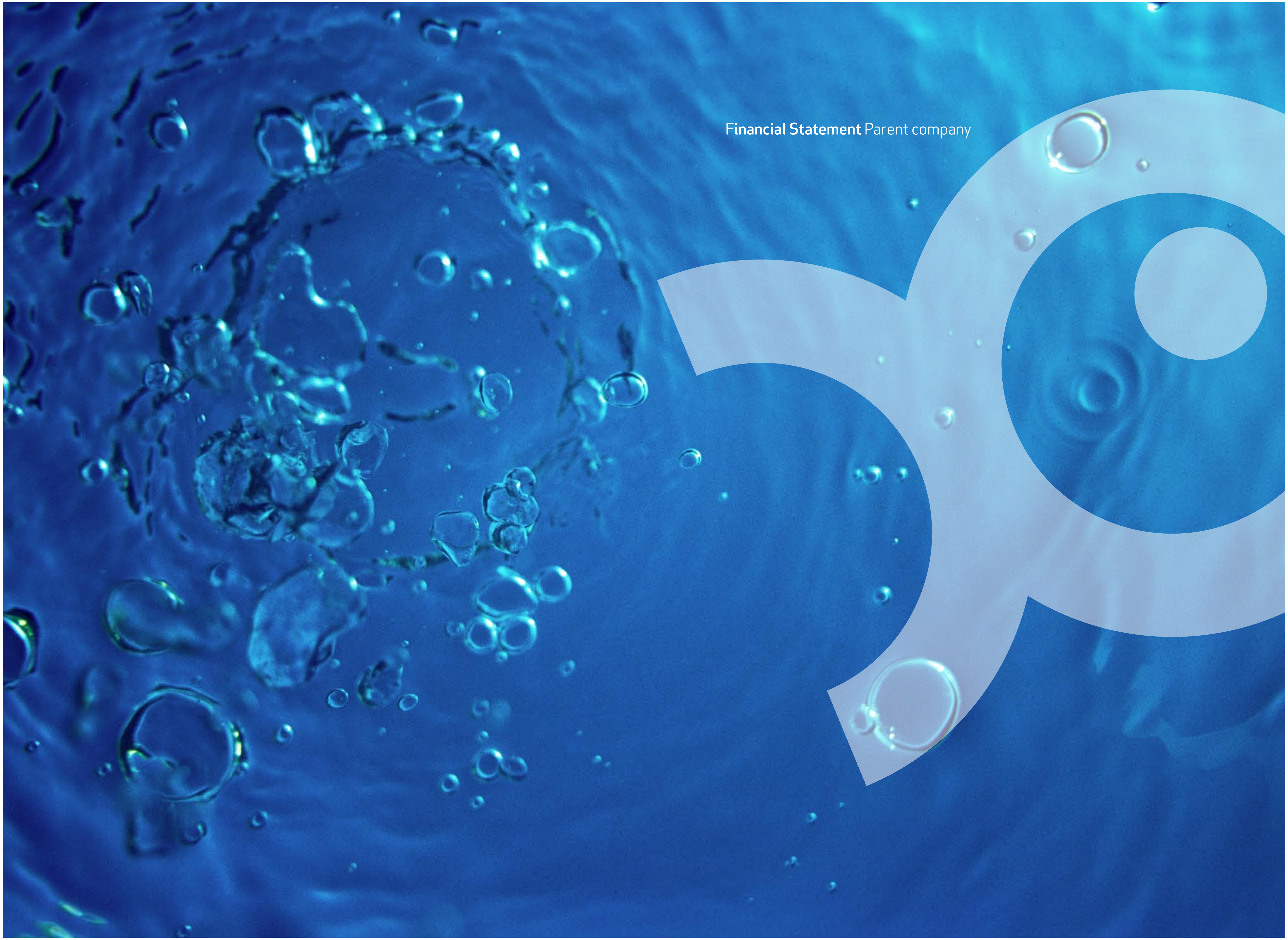
	Fair value recognised on acquisition	Previous carrying value
Provisions	-	-
Long term liabilities	-1 521	-1 521
Trade payables	-7 187	-7 187
Other current liabilities	-3 577	-3 577
Total liabilities	**-12 285**	**-12 285**
Net assets	38 667	21 394
Goodwill	26 621	
Total consideration	**65 288**	
Purchase price	64 500	
Costs associated with the acquisition	788	
Total	**65 288**	

Cash outflow on acquisition	2008
Net cash acquired with the subsidiary	5 542
Cash paid	-65 288
Net cash outflow	-59 746

Net income	2008
Net income in 2008 - consolidated from 01.06.2008	7 478
Net income in 2008 - if consolidated from 01.01.2008	10 025

The goodwill of KNOK 48 634 comprises the fair value of expected synergies arising from the acquisition and the competence of the employees. The allocation of the purchase price is preliminary. A final allocation of the excess values will be done within a year from the acquisition date.

AKVA group Denmark and Danaq
AKVA group ASA purchased the asset of the Danish company Danaq for KNOK 4 345. In addition an adjustment of KNOK 2 151 was made to the purchase price allocation related to the 2007 acquisition of AKVA group Denmark (former name Uni Aqua A/S).


Financial Statement Parent company

Contents Financial Statement Parent Company

Income statement 01.01.–31.12. (in NOK 1 000)

Parent company

	Note	2008	2007	2006
OPERATING REVENUES				
Sales revenues		288 724	288 283	193 090
OPERATING EXPENSES				
Cost of goods sold	10	195 105	209 863	126 883
Payroll expenses	2, 21	52 293	42 736	26 012
Other operating expenses	7, 11, 17, 20	29 769	24 004	12 936
Total operating expenses		277 167	276 603	165 831
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)		**11 557**	**11 680**	**27 259**
Depreciation and amortisation	6, 8	**5 252**	**4 059**	**3 149**
OPERATING PROFIT (EBIT)		**6 305**	**7 621**	**24 110**
FINANCIAL INCOME AND EXPENSES				
Financial income	17	11 892	32 079	7 441
Financial expenses	17	-12 665	-9 049	-1 738
Net financial items		-773	23 030	5 703
PROFIT BEFORE TAX		5 532	30 651	29 813
Taxes	4	2 561	6 038	11 163
NET PROFIT FOR THE YEAR		**2 971**	**24 613**	**18 650**
ALLOCATION OF PROFIT FOR THE YEAR				
Dividend		-	17 223	-
Group contribution		559	-	-
Other equity		2 412	7 390	18 650
Total allocated		2 971	24 613	18 650

Assets 31.12. (in NOK 1 000)

Parent company

	Note	2008	2007
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax asset	4	4 826	7 171
Goodwill	6		
Other intangible assets	6	19 971	18 443
Total intangible assets		24 797	25 614
Tangible fixed assets			
Machinery and equipment	8	5 555	2 228
Total tangible fixed assets		5 555	2 228
Long-term financial assets			
Investments in subsidiaries	9, 22	296 512	230 708
Loans to group companies	12	59 751	40 474
Other long-term financial assets	9, 11	585	363
Total long-term financial assets		356 848	271 545
Total fixed assets		**387 200**	**299 387**
CURRENT ASSETS			
Stock	10	35 311	24 165
Receivables			
Accounts receivables	11, 18, 19	28 445	48 570
Receivables - group companies	12	97 701	97 683
Prepayments to suppliers		889	1 546
Other receivables		1 123	1 053
Total receivables	11	128 158	148 852
Cash and cash equivalents	13	6 157	51 360
Total current assets		**169 626**	**224 377**
TOTAL ASSETS		**556 826**	**523 764**

Equity and Liabilities 31.12. (in NOK 1 000)

Parent company

	Note	2008	2007
EQUITY			
Paid-in capital			
Share capital	14	17 223	17 223
Share premium reserve		256 178	256 178
Other paid in capital		1 951	1 624
Total paid-in capital		275 352	275 025
Retained earnings			
Other equity		30 833	28 554
Total retained earnings		30 833	28 554
Total equity		**306 185**	**303 579**
LIABILITIES			
Provisions			
Pension obligations	15	1 177	839
Total provisions		1 177	839
Other long term liabilities			
Liabilities to financial institutions	16	117 087	99 853
Other long term liabilities		1 405	1 834
Total other long term liabilities		118 492	101 687
Current liabilities			
Liabilities to financial institutions	16	51 876	15 440
Trade creditors		15 968	36 925
Trade creditors - group companies	12	5 804	2 927
Taxes payable	4	-	-
Public duties payable		5 025	-861
Provision for dividend		-	17 223
Group contribution		776	-
Prepayments from customers		18 607	36 060
Other current liabilities	17	32 916	9 945
Total current liabilities		130 972	117 659
Total Liabilities		**250 641**	**220 185**
TOTAL EQUITY AND LIABILITIES		**556 826**	**523 764**

Bryne, 27 April 2009

Steven Morrell
Chairperson of the Board

Thore Michalsen

Anne Breiby

Arne Økland

Thorhild Widvey

Kjell A. Corneliussen

Knut Drange

Ingvild Andersen

Knut Molaug
Chief Executive Officer

Cash flow statement 01.01.–31.12. (in NOK 1 000)

Parent company

	Note	2008	2007	2006
Cash flow from operating activities:				
Profit before taxes		5 532	30 651	29 813
Taxes		-	-	-
Depreciation	6, 8	5 252	4 059	3 149
Change in pension obligation	15	205	276	58
Changes in stock, accounts receivable and trade creditors		-9 119	-40 306	-13 005
Changes in other receivables and payables		12 487	-365	491
Net cash flow from operating activities		14 357	-5 685	20 506
Cash flow from investment activities				
Investments in fixed assets	6, 8	-10 387	-5 085	-2 791
Change in fixed assets from acquisitions	22	-65 914	-109 276	-21 151
Net cash flow from investment activities		-76 301	-114 361	-23 942
Cash flow from financing activities				
Change in interest bearing debt		53 670	89 250	24 397
Change in loans to group companies	12	-19 277	-35 615	-1 811
Increase of share capital and share premium fund		-	-	116 845
Payment of dividend		-17 223		
Change related to other financial activities		-429	-8 983	-11 849
Net cash flow from financing activities		16 742	44 652	127 582
Net change in cash and cash equivalents		-45 203	-75 394	124 146
Cash and cash equivalents at 01.01		51 360	126 754	2 608
Cash and cash equivalents at 31.12		6 157	51 360	126 754

Statement of changes of equity (in NOK 1 000)

Group

	Note	Share capital	Share premium reserve	Other paid-in capital	Total paid in capital	Other equity	Total retained earnings	Total equity
Equity as at 01.01.2006		5 870	33 895	-	**39 765**	2 514	**2 514**	**42 279**
Profit (loss) for the period					-	18 650	18 650	18 650
Total income and expense for the year		-	-	-	**-**	18 650	**18 650**	**18 650**
Issue of share capital		11 353	232 027		380			243 380
Share issue costs			-9 744		-9 744			-9 744
Recording of option agreement	21			166	166			166
Equity as at 31.12.2006		17 223	256 178	166	**273 566**	21 164	**21 164**	**294 730**
Equity as at 01.01.2007		17 223	256 178	166	**273 566**	21 164	**21 164**	**730**
Total income and expense recognised directly in equity		-	-	-	-	-	-	-
Profit (loss) for the period		-	-	-	-	24 613	24 613	24 613
Provision for dividend		-	-	-		-17 223	-17 223	-17 223
Total income and expense for the year		-	-	-	-	7 390	**7 390**	**7 390**
Recording of option agreement	21	-	-	1 459	1 459	-	-	1 459
Equity as at 31.12.2007		17 223	256 178	1 624	275 025	28 554	28 554	303 579
Equity as at 01.01.2008		17 223	256 178	1 624	**275 025**	28 554	**28 554**	**303 579**
Actuarial deviations on net pension obligations		-	-	-	-	-133	-133	-133
Total income and expense recognised directly in equity		-	-	-	-	-133	-133	-133
Profit (loss) for the period		-	-	-	-	2 971	2 971	2 971
Total income and expense for the year		-	-	-	-	2 838	2 838	2 838
Recording of option agreement	21	-	-	327	327	-	-	327
Group contribution		-	-	-	-	-559	-559	-559
Equity as at 31.12.2008		17 223	256 178	1 951	**275 352**	30 833	**30 833**	**306 185**

In 2008 the shareholders received a dividend of NOK 1.00 per share

Notes Parent company

Note 1 Summary of significant accounting policies

AKVA group ASA is a public limited company registered in Norway. The company's head office is located in Nordlysveien 4, N-4340 Bryne, Norway.

AKVA group ASA uses IFRS light as accounting policy. There are no material effect compared to the ordinary group IFRS accounting policy except that provided dividends and group contributions from subsidiaries can be recognised as income in the parent company the same year as provision is made in subsidiaries. See note 1 in group accounts for more details of the accounting policy.

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing they are not impaired. Write down to fair value will be carried out if the impairment is not considered temporary, and a write down is deemed necessary according to IFRS. Impairments are reversed when the indication no longer exist.

Note 2 Wages and remunerations (in NOK 1 000)

Wage costs	2008	2007	2006
Salaries	37 676	30 311	17 828
Payroll tax	5 914	5 976	4 202
Pension costs	2 428	2 085	1 060
Other benefits	6 275	4 364	2 922
Total	**52 293**	**42 736**	**26 012**
The average number of employees in full time equivalent in the company during the year is:	67	50	43

See consolidated accounts note 3 about remuneration to CEO and executive management, and fees to the Board of Directors.

AKVA group ASA had a bonus program for all employees in 2008. According to the program a maximum bonus equivalent to 2 monthly salaries could be earned based on the EBIT of the companies.

Loan and pledge
The company has not given any loans or pledges to members of the Board or group management as of December 31 2008.

Stock options
A new stock option plan was introduced in 2006. See details of stock options in note 21 and in note 3 in consolidated accounts.

For details of establishment of salary and other remuneration to executive management, see note 3 in consolidated accounts.

Fees to auditor	2008	2007	2006
Audit	332	434	804
Tax services	380	100	100
Attestation services	10	10	10
Other services	601	1 415	693
Total	**1 323**	**1 959**	**1 607**
Hereof recorded against acquisition cost of purchased companies	568	1 483	0
Hereof recorded against equity related to share issues	0	0	1 202

All fees to the auditor is excl. VAT.

Note 3 Government grants and subsidies (in NOK 1 000)

Government grants	2008	2007	2006
"Skattefunn"	489	151	646
The Research Council of Norway	1 801	85	327
Other	466	-	-
Total	2 756	236	973

Note 4 Taxes (in NOK 1 000)

	2008	2007	2006
Tax expense			
Current taxes payable	-	-	-
Change in deferred taxes	2 346	6 038	11 163
Tax on group contribution	216	-	-
Total tax expense	**2 561**	**6 038**	**11 163**
Calculation of the basis for taxation			
Profit before tax	5 532	30 651	29 813
Permanent differences	3 617	-9 087	-15 152
Change in temporary differences	-8 373	-21 564	-14 661
Group contribution	-776	-	-
Tax base	-	-	-
Specification of temporary differences			
Current assets	-1 519	-1 395	-2 826
Fixed assets	-4 996	-6 753	-7 573
Provisions	-9 541	-15 506	-15 309
Pension obligations	-1 177	-839	-562
Losses carried forward	-	-1 116	-20 904
Total	**-17 233**	**-25 609**	**-47 174**
Calculated deferred tax assets	-4 825	-7 171	-13 209
Deferred tax asset not recognised in balance sheet	-	-	-
Deferred tax asset	**-4 825**	**-7 171**	**-13 209**

Effective tax rate	2008	2007	2006
Expected income taxes, statutory tax rate of 28%	1 549	8 582	8 348
Permanent differences (28%)	1 012	-2 544	-4 105
Deviation between Norwegian and foreign tax rate	-	-	-
Tax effect of share issue costs	-	-	3 790
Not capitalised deferred tax asset in subsidiaries	-	-	3 130
Income tax expense	**2 561**	**6 038**	**11 163**
Effective tax rate in percent of profit before tax	46,3 %	19,7 %	37,4 %

Expiry dates of Tax Loss Carry Forwards	
Tax loss carryforwards without time restrictions	-
Total	-

Note 5 Net earnings per share

See details in note 6 in group accounts.

Note 6 Intangible Assets (in NOK 1 000)

	Development costs	Patents & trademarks	2008 Total
Acquisition cost at 01.01.	8 497	18 511	**27 008**
Acquisition cost during the year	5 809	1	**5 810**
Disposals during the year	-	-	**-**
Acquisition cost 31.12.	14 306	18 512	**32 818**
Accumulated amortisation at 01.01.	2 467	6 098	**8 565**
Accumulated amortisation disposals during the year	-	281	**281**
Amortisation during the year	2 601	1 400	**4 001**
Accumulated amortisation 31.12.	5 068	7 779	**12 847**
Net book value at 31.12.	**9 238**	**10 733**	**19 971**

	Development costs	Patents & trademarks	2007 Total
Acquisition cost at 01.01.	5 048	18 511	**23 559**
Acquisition cost during the year	3 449	-	**3 449**
Disposals during the year	-	-	**-**
Acquisition cost 31.12.	8 497	18 511	**27 008**
Accumulated amortisation at 01.01.	1 456	3 875	**5 331**
Accumulated amortisation disposals during the year	-	-	**-**
Amortisation during the year	1 011	2 223	**3 234**
Accumulated amortisation 31.12.	2 467	6 098	**8 565**
Net book value at 31.12.	**6 030**	**12 413**	**18 443**

	Development costs	Patents & trademarks	2006 Total
Acquisition cost at 01.01.	3 222	4 154	**7 376**
Acquisition cost during the year	1 826	14 357	**16 183**
Disposals during the year	-	-	**-**
Acquisition cost 31.12.	5 048	18 511	**23 559**
Accumulated amortisation at 01.01.	629	2 481	**3 110**
Accumulated amortisation disposals during the year	-	-	**-**
Amortisation during the year	827	1 394	**2 221**
Accumulated amortisation 31.12.	1 456	3 875	**5 331**
Net book value at 31.12.	**3 592**	**14 635**	**18 227**

The company uses linear amortisation of all intangible assets. The useful economic life for the intangible assets are estimated as: Development 3-5 years, patents 20 years, trademarks 5 years and product rights 5-10 years.

Development Costs:
The company has capitalised all direct costs related to development of software and tangible products that are expected to create economic benefits and meet the requirements for capitalisation in IAS 38. See also note 7.

Patents & trademarks:
The acquisition cost is related to the acquisition of Superior Systems AS (2001), Vicass (2002), Cameratech (2004), Ocean Service Log (2004), Polarcirkel/Wavemaster (2006), Maritech/UNI Aqua (2007) and Idema Aqua (2008)

Note 7 | Research and development

During the year the company expensed NOK 6.0 mill (NOK 5.8 mill in 2007 and NOK 3.3 mill in 2006) on research and development on new products and technology as well as upgrades on existing products. The amount does not include capitalised development costs according to IAS 38 (see details in note 6).

Note 8 Tangible Assets (in NOK 1 000)

Property, plant and equipment	2007	2006	2005
Acquisition cost at 01.01.	13 101	11 485	10 877
Acquisitions during the year	4 578	1 616	608
Disposals during the year	-	-	-
Acquisition cost 31.12.	17 679	13 101	11 485
Accumulated depreciation 01.01.	10 874	10 049	8 968
Depreciation during the year	1 251	825	1 081
Accumulated depreciation 31.12.	12 125	10 874	10 049
Net book value 31.12.	**5 555**	**2 228**	**1 436**

The company use linear depreciation for all tangible assets. The useful economic life is estimated as	Years
Machinery and equipment	3-10

Note 9 Subsidiaries and other long-term investments (in NOK 1 000 unless stated otherwise)

Subsidiaries accounted for according to the cost method in the parent company accounts

Company name	Currency	Share capital	Number of shares	Par value (NOK)	Book value
AKVAsmart Chile S.A.	USD	239	1 000	239	3 000
AKVA group North America Inc	CAD	125	125 000	1	8 982
AKVA group Scotland Ltd.	GBP	20	20 000	1	14 039
Superior Systems AS	NOK	500	500 000	1	20 867
AKVA AS	NOK	100	1 000	100	100
Feeding Systems Chile Ltda	USD	2	-	-	-
Akvasmart AS	NOK	110	10 000	11	5 750
AKVAsmart Ltd. (Turkey)	TRY	5	200	25	26
AKVA services AS	NOK	100	1 000	1	500
Polarcirkel AS	NOK	1 100	1 100 000	1	66 543
Wavemaster Net Services Ltd	CAD	-	10	-	2 112
Maritech International AS	NOK	4 702	47 023 000	0,1	92 994
AKVA group Denmark A/S	DKK	2 004	1 000 000	2	16 311
Idema Aqua AS	NOK	100	960 000	0,1	65 288
Total					**296 512**

An intercompany loan of KNOK 20 767 from AKVA group ASA to Superior Systems AS has been reclassified to investments in subsidiaries according to IAS 39 as no plan for instalments are agreed between the companies.

Other long-term investments	Currency	Share capital	Number of shares	Par value (NOK)	Book value	Owner-ship
Centre for Aquaculture Competence AS	NOK	450	150	1 000	153	33 %
Blue Planet AS	NOK	1 350	2	50 000	100	7 %
Total					**253**	

Note 10 Stock (in NOK 1 000)

	2007	2006	2005
Raw materials (at cost)	1 727	1 528	2 152
Work in progress (at cost)	207	378	418
Finished goods (at net realisable value)	33 377	22 259	15 320
Total	**35 311**	**24 165**	**17 890**
Write-down of obsolete stock 1.1	700	2 276	2 600
Write-down of obsolete stock during the year	-200	-1 576	-324
Write-down of obsolete stock 31.12	500	700	2 276

Note 11 Receivables (in NOK 1 000)

Receivables due in more than one year	2008	2007	2006
Other long-term receivables	222	110	110
Total	**222**	**110**	**110**

Accounts receivables
The recorded accounts receivables are shown net of estimated bad debt loss. The estimated bad debt loss is:

	2008	2007	2006
Bad debt provision 1.1	696	550	436
Change in bad debt provision	323	146	114
Bad debt provision 31.12.	**1 019**	**696**	**550**
Recorded bad debt cost during the year	66	127	43
Change in bad debt provision	323	146	114
Total bad debt cost during the year	**389**	**273**	**157**

Reference is made to note 18 for more details of credit and currency risk related to accounts receivables

Note 12 Intercompany balances (in NOK 1 000)

Receivables	2008	2007	2006
Loans to group companies	59 751	40 474	32 554
Current receivables towards group companies	97 701	97 683	43 533
Total	157 452	138 157	76 087

Payables	2008	2007	2006
Trade creditors towards group companies	5 804	2 927	1 065
Total	5 804	2 927	1 065

Note 13 Bank deposits (in NOK 1 000)

	2008	2007	2006
Restricted bank deposits	2 486	1 856	1 826
Overdraft limit	41 500	46 000	29 550
Utilised end of year	31 114	-	15 238

Note 14 Shareholders (in NOK 1 000)

AKVA group ASA
The company's share capital is NOK 17.2 mill divided into 17.2 mill shares, each with a par value of NOK 1.
The company has only one category of shares and all shares entitle shareholders to equal rights in the company.

The 20 largest shareholders as at 31.12.2008	Number of shares	Ownership in % of total shares
Frode Teigen	2 699 400	15.7 %
SN-Invest AS	2 678 023	15.5 %
Arendals Fossekompani ASA	1 720 840	10.0 %
Skagen Vekst	1 585 000	9.2 %
Sociedad de Inversiones ABSO S.A.	939 635	5.5 %
Sociedad de Inversiones F y A S.A.	870 235	5.1 %
State Street Bank and Trust Co.	650 500	3.8 %
RBC Dexia Investor Services Bank	635 800	3.7 %
Skandinaviska Enskilda Banken	610 832	3.5 %
State Street Bank and Trust Co.	563 600	3.3 %
Six SIS AG	535 950	3.1 %
Havbruksconsult AS	332 157	1.9 %
Knut Molaug	313 928	1.8 %
Ole Molaug Eiendom AS	292 692	1.7 %
Braganza AS	276 800	1.6 %
MP Pensjon	190 000	1.1 %
Gunnar Kluge	173 150	1.0 %
Ole Molaug	167 192	1.0 %
Verdipapirfondet Danske Fund Norge	126 800	0.7 %
RBC Dexia Investor Service Trust	115 106	0.7 %
Other	1 745 229	10.1 %
Total	**17 222 869**	**100.0 %**

Shares owned by members of the Board of Directors	Number of shares	Options
Anne Breiby (Kjerby AS)	3 000	-
Ingvild S. Andersen	1 276	-
Kjell Arne Corneliussen	200	-

Shares owned by group management	Number of shares	Options
Knut Molaug (CEO)	313 928	127 526
Rolf Andersen (CFO)	2 100	70 848
Trond Severinsen (CMO)	14 950	56 678
Jone Gjerde (COO)	1 000	56 678
Patrick Dempster (GM North America)	200	56 678
Morten Nærland (GM Chile)	-	56 678

Note 15 Pensions (in NOK 1 000)

The pension schemes in AKVA group ASA is a defined contribution plan where agreed contributions are expensed as paid. The company has no further commitments towards pensions when the agreed contributions are paid. All pensions costs are included in payroll expenses in the profit and loss statement.

Contribution plans	2008	2007	2006
Contributions expensed during the year	1 453	1 114	639

Benefit plans
The Norwegian legal entities also have uninsured pension liabilities related to future estimated obligations related to AFP (early retirement scheme covering all employees in Norway).
A summary of the actuarial calculations of the total pension liability is shown below:

	2008	2007	2006
Service cost	141	218	38
Interest cost	38	24	13
Return on pension funds	-	-	-
Recorded effect of deviations from estimates	-	-	-
Social security tax	25	34	7
Net pension cost	**204**	**276**	**58**

Actual return on plan assets, ref IAS 19.120A, is not applicable. See comments about AFP pension scheme below.

Benefit obligation	2008	2007	2006
Estimated pension obligations at 31.12.	1 031	736	493
Pension plan funds (market value) at 31.12.	-	-	-
Unrecognised effects of deviations from estimates	-	-	-
Social security tax	145	104	70
Net benefit obligations	**1 177**	**839**	**563**

Changes in the present value of the defined benefit obligation are as follows	2008	2007	2006
Defined benefit obligation at 01.01.	839	563	505
Interest cost	38	24	13
Current service cost	166	252	45
Benefits paid	-	-	-
Actuarial (gains)/losses on obligation	133	-	-
Defined benefit obligation at 31.12.	**1 177**	**839**	**563**

According to IAS 19.120A the company shall inform of the changes in the fair value of plan assets. Since the company has no other defined benefit plan other than an unsecured early retirement scheme (AFP) there are no accrued plan assets.

The company expects to contribute kr. 0.4 mill to its defined benefit pensions plan in 2009.

A listing of the major categories of plan assets as a percentage of the fair value of total plan assets is not applicable for the company since the benefit plan is related to an unsecured AFP pension scheme and hence there are no accrued plan assets.

Economical assumptions	2008	2007	2006
Discount rate	4.30 %	5.1 %	4.4 %
Expected wage growth	4.50 %	4.5 %	4.0 %
Expected social security base adjustment	4.25 %	4.3 %	4.0 %
Expected increase in pension	4.25 %	4.3 %	1.6 %
Expected turnover < 40 years	2.00 %	2.0 %	2.0 %
Expected turnover > 40 years	0.00 %	0.0 %	0.0 %

The actuarial calculations are based on assumptions of demographical factors normally used within the insurance industry. According to Norwegian legislation the entities need to have a pension scheme for the employees. The existing pension schemes meet the requirements in the legislation.

Note 16 Liabilities (in NOK 1 000)

	2008	2007	2006
Long-term liabilities due in more than 5 years			
Liabilities to financial institutions	34 040	39 265	-
Total	34 040	39 265	-
Liabilities secured with assets	137 849	115 293	19 238
Secured assets			
Accounts receivables	50 000	50 000	57 930
Stock	25 000	25 000	17 890
Other assets	297 744	238 918	175 816
Total	372 744	313 918	251 636

Repayment of debt
The company's long-term debt as at December 31, matures as follows.

	Long-term debt
2009	20 762
2010	20 762
2011	20 762
2012	20 762
2013	20 762
2014	20 762
Subsequent to 2014	13 278
Total	**137 849**
Average interest rate	7.10 %

The part of the long-term debt due within one year is reclassified to short-term interest bearing debt.

Note 17 Specification of items that are grouped in the financial statement (in NOK 1 000)

	2008	2007	2006
Financial income			
Other interest income	11 892	4 384	491
Agio gain	-	-	891
Group contribution recognised as income	-	27 695	6 059
Total financial income	**11 892**	**32 079**	**7 441**
Financial expenses			
Interest expenses	11 833	5 065	1 609
Agio loss	492	3 627	-
Other financial expenses	340	357	129
Total financial expenses	**12 665**	**9 049**	**1 738**
Other operating expenses			
Accomodation, materials, equipment and maintenance	10 947	6 631	4 702
Marketing, travelling and communication	13 906	13 872	7 312
Other operating expenses	4 916	3 501	922
Total other operating expenses	**29 769**	**24 004**	**12 936**
Other current liabilities			
Accrued costs	-	1 035	1 376
Guarantee provisions	1 680	1 200	1 004
Other current liabilities	31 236	7 710	7 712
Total other current liabilities	**32 916**	**9 945**	**10 092**

Note 18 Financial instruments and risk management

See group accounts note 18 for more details about financial instruments and risk management.

Note 19 Long-term contracts (in NOK 1 000)

Revenue and profits on long-term contracts are recognised using the percentage of completion method. This method implies that profit is recognised according to the progress of the work, whereas any losses are fully recorded when incurred.

	2008	2007	2006
Total value of ongoing contracts	92 074	210 494	173 871
Total sales included from ongoing contracts 31.12.	62 281	110 949	95 494
Not invoiced work-in-progress included as accounts receivables	6 907	6 907	-
Remaining production on loss contracts	-	-	-

The company has entered into several operating leases for offices, machinery and other equipment. The cost is as follows:

Note 20 Operational leases (in NOK 1 000)

Operating leasing cost	2008	2007	2006
Operational leasing costs	2 951	612	919
Rent costs on buildings	3 219	2 357	2 184
Total	6 170	2 969	3 103

The future minimum rents related to non-cancellable leases fall due as follows for the group:

	Within 1 year	1 - 5 years	After 5 years
Machinery and equipment	1 986	2 135	8
Vehicles	1 038	698	-
Offices and buildings	3 410	5 919	-
Total	**6 434**	**8 752**	**8**

The main office lease agreement (headquarter) expires in 2011.
The agreement includes an option to extend the agreement for 5 years.

Note 21 Options to employees

The company has an option programme covering employees in selected senior positions.
The option programme was established in connection with listing of the company at Oslo Stock Exchange in November 2006.
New options has been granted during 2008.

The options have a 5 years vesting period. One third of the options can be vested after 1, 2 and 3 years.
The options can be exercised at vesting date or anytime later in the 5 year period.
The first possible vesting date was in November 2007. The strike price for the options is equal to the market price when the options are being granted. The strike price of the outstanding options varies between 26.10 - 45.30 per share

The fair value of the options has been calculated at grant date and charged to expenses over the period the options are earned (3 years).KNOK 327 has been charged to expenses in 2008 related to the option programme.

	2008	2007	2006
Total available options that can be issued	1 012 109	1 012 109	1 012 109
Available options not issued at year end	314 260	445 328	466 583
Options vested during the year	-	-	-
Oustanding options as per 31.12.	697 849	566 781	545 526

The fair value of the options has been estimated using the Black&Scholes option-pricing model. The average fair value of the optiones granted. The average fair value of the options granted in 2008 is 3.14. The calculation is based on the following assumptions:

Strike price
The strike price is equal to the the stock exchange price at grant date.

Volatility
The expected volatility is based on historic volatility for peer group companies (35%).

The term of the option
In the calculation the expected average period to vesting is 3.5 years.

Dividend
The calculation is based on no dividend being paid in the vesting period.

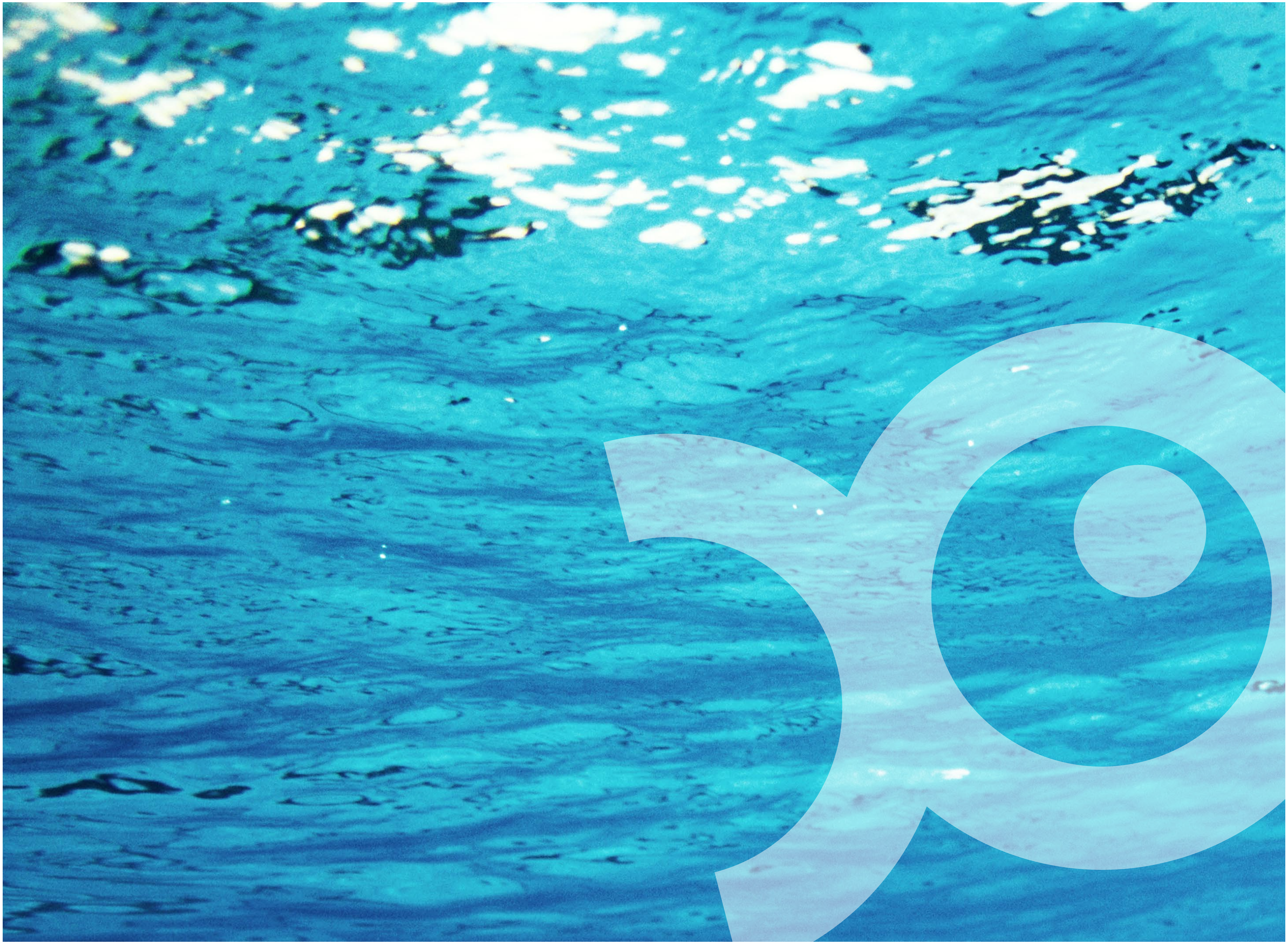
Risk-free interest rate
The risk-free interest rate assumed when calculating the fair value was equal to the interest rate on goverment bonds at the time of the calculation.

Note 22 Acquisitions (in NOK 1 000)

For 2008 the following acquisitions have been made:

Idema Aqua AS
The acquisition date was 1 June 2008.
The company is delivering light and net cleaning systems to the aquaculture industry. AKVA group purchased 100% of the outstanding shares in the company. The purchase included the shares of two subsidiaries; Idemaqua Chile Ltda and Idema Aqua UK Ltd.
The agreed purchase price was MNOK 64.5. The purchase price was settled in cash.

See note 22 in consolidated accounts for more information.



ERNST & YOUNG

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Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
AKVA group ASA

Auditor's report for 2008

We have audited the annual financial statements of AKVA group ASA as of 31 December 2008, showing a profit of NOK 2 971 000 for the Parent Company and a profit of NOK 5 517 000 for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. Simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9 have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2008, and the results of its operations and cash flows and the changes in equity for the year then ended, in accordance with simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2008, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Stavanger, 27 April 2009
ERNST & YOUNG AS
Nicolai Homme
State Authorised Public Accountant (Norway)
(sign.)
Note: The translation to English has been prepared for information purposes only.

Articles of Association

§ 1
The company's name is AKVA group ASA.
The company is a public limited company.

§ 2
The company's registered office is in Time, 4340 Bryne.

§ 3
The purpose of the company is to develop, produce, project, sell and market own and purchased products, and everything connected to such activity, including participation in other companies with similar activities.

§ 4
The activities of the company shall in particular be directed towards technology for farming of fish and animal.

§ 5
The company's share capital shall be NOK 17.222.869 into 17.222.869 shares at NOK 1 each. The company's shares shall be registered in the Securities Registry within 1 – one – month.

§ 6
The Board of Directors shall be composed of 4 to 10 members, in accordance with a decision by the General Meeting. The Chairperson and one Board member jointly sign on behalf of the company.

§ 7
The ordinary General Meeting of the company shall consider the following:

1. The approval of the annual profit and loss statement and balance sheet.
2. Application of the profit, or settlement of the deficit according to the approved balancesheet, as well as the distribution of dividends.
3. The election of Board of Directors
4. Other issues that under Norwegian law are to be dealt with by the shareholders General Meeting.

§ 8
The company shall have nomination committee consisting of at least 3 members elected by the general meeting. The nomination committee shall prepared the general meeting's election of board members and propose candidates for nominations. The General Meeting may adopt instructions for the nomination committee's work.

Corporate governance

1. Implementation and reporting on corporate governance

The board of directors must ensure that the company implements sound corporate governance. The board of directors must provide a report on the company's corporate governance in the annual report. The report must cover every section of the Code of Practice. If the company does not fully comply with this Code of Practice, this must be explained in the report. The board of directors should define the company's basic corporate values and formulate ethical guidelines in accordance with these values

AKVA has defined guidelines for corporate governance, and the Board has decided to follow the Norwegian Recommendation for Corporate Governance. AKVA has defined its own corporate Code of Conduct and defined values that the company should build its activity upon.
The board of directors has provided this report on the company's corporate governance. The report covers every section of the Code of Practice, and will be a part of the annual report.

Deviation from the Recommendation: None

2. Business

The company's business should be clearly defined in its articles of association. The company should have clear objectives and strategies for its business within the scope of the definition of its business in its articles of association. The annual report should include the business activities clause from the articles of association and describe the company's objectives and principal strategies.

Paragraph 3 in the articles of association states "The purpose of the Company is to develop, produce, project, sell and market own and purchased products, and everything connected to such activity, including participation in other companies with similar activities. The activities of the Company shall in particular be directed towards technology for farming of fish and animal." The full articles of association are included in the Annual Report. The strategic goals and objectives are described thoroughly in the report.

Deviation from the Recommendation: None

3. Equity and dividends

The company should have an equity capital at a level appropriate to its objectives, strategy and risk profile. The board of directors should establish a clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting. The dividend policy should be disclosed. Mandates granted to the board of directors to increase the company's share capital should be restricted to defined purposes and should be limited in time to no later than the date of the next annual general meeting. This should also apply to mandates granted to the board for the company to purchase its own shares.

At year end 2007 the company had a consolidated equity of 309.4 MNOK which accounts for 45.8% of the total assets of the company. The Board of Directors consider this satisfactory.

Dividend policy:
The Company's main objective is to maximise the value of the investment made by its shareholders through both increased share prices and dividend payments.

The Company will strive to maintain an equity capital level that is appropriate for its objectives, strategy and risk profile, taking into consideration that it is operating in a cyclical industry. In view of the Company's planned expansion of its business, the Company will regularly evaluate the timing and amount of dividend payments in light of its objectives, strategic development outlook and risk profile. Dividend payments will be subject to approval by the shareholders at the Company's annual general meeting.

The dividend policy has not yet been disclosed on the company's website or in other medias. The board will take action to ensure that the company will be in compliance with this recommendation in the Code of Practice within 2008.

Based on challenging market situation during the second half of 2008, expected challenging market situation also in 2009 and in accordance with this dividend policy the Board of Directors propose to the Annual General Meeting that no dividend should be paid for 2008.

The Board of Directors was in the Annual General Meeting in 2008 granted the mandate to increase the company's share capital for specific purposes. The following authorisations were given:

- *Strategic authorisation for the issuance of new shares*
  The Board of Directors is authorised to increase the Company's share capital by issuing new shares. The total number of shares that may be issued equals about 8.7% of the present issued share capital.

- *Authorization for the issuance of shares under the Company's share option plan*
  The Board of Directors is authorised to increase the Company's share capital by issuing of shares in accordance with future option agreements. The total number of shares that may be issued equals about 5.8% of the present issued share capital.

Furthermore the Board of Director's was in the Annual General Meeting in 2008 granted the right to acquire own shares. The price to be paid shall not exceed the ordinary stock exchange rate available on the date of purchase. The total number of shares that may be acquired equals about 5.0% of the issued share capital.

Deviation from the Recommendation: None

4. Equal treatment of shareholders and transactions with close associates

The company should only have one class of shares.
Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital must be justified.
Any transactions the company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the company's shares, the company should consider other ways to ensure equal treatment of all shareholders.
In the event of any not immaterial transactions between the company and shareholders, members of the board of directors, members of the executive management or close associates of any such parties, the board should arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.
The company should operate guidelines to ensure that members of the board of directors and the executive management notify the board if they have any material direct or indirect interest in any transaction entered into by the company.

Class of shares
AKVA group has only one class of shares. The Articles of association place no restriction on voting rights. All shares are equal.

Transactions between related parties
The Company is not aware of any other potential conflicts of interest between any duties to the Company of the members of the Board of Directors or the Company's management, and their private interests or other duties. The board is aware of lease agreements with other companies that are controlled by major shareholders of AKVA; however, these are all based on arm´s length market terms.

In order to avoid conflicts of interest, the Company has introduced guidelines pursuant to which members of the Board of Directors and the Company's management must act. The members of the Company's Board of Directors and the Company's management meet all these requirements.

Guidelines for directors and key management personnel
The Corporate Code of Conduct in Section 5 – conflict of interest and integrity – discuss the topic and provides clear guidelines to all employees and management on this matter. Furthermore the Boards Instruction in Section 7 - Disqualification and conflict of interest – provides guidelines for the Board of Directors.

Deviation from the Recommendation:
None other than as stated above

5. Freely negotiable shares

Shares in listed companies must, in principle, be freely negotiable. Therefore, no form of restriction on negotiability should be included in a company's articles of association.

The shares are freely negotiable. The Articles of Association place no restrictions on negotiability.

Deviation from the Recommendation: None

6. General meetings

The board of directors should take steps to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the company, and that general meetings are an effective forum for the views of shareholders and the board. Such steps should include:
- *making the notice calling the meeting and the support information on the resolutions to be considered at the general meeting, including the recommendations of the nomination committee, available on the company's website no later than 21 days prior to the date of the general meeting, and sending this information to shareholders no later than two weeks prior to the date of the general meeting*
- *ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting*
- *setting any deadline for shareholders to give notice of their intention to attend the meeting as close to the date of the meeting as possible*
- *ensuring that shareholders who cannot attend the meeting in person can vote by proxy*
- *ensuring that the members of the board of directors and the nomination committee and the auditor are present at the general meeting*
- *making arrangements to ensure an independent chairman for the general meeting*

The notice calling the general meeting shall provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. The notice should also set out:
- *the procedure for representation at the meeting through a proxy, including a form to appoint a proxy*
- *the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting*
- *the Web pages where the notice calling the meeting and other supporting documents will be made available*

The company should, at the earliest possible opportunity, make available on its website:
- *information on the right of shareholders to propose matters to be considered by the general meeting*
- *proposals for resolutions to be considered by the general meeting, alternatively comments on matters where no resolution is proposed*
- *a form for appointing a proxy*

The board of directors and the chairman of the general meeting should ensure that the general meeting is given the opportunity to vote separately for each candidate nominated for election to the company's corporate bodies.

The ordinary general meeting for 2008 was held the 5th of May, and was in all material respect carried through in accordance with point 6 in the recommendation. There have not been other general meetings in 2008/2009.

Deviation from the Recommendation: None

7. Nomination committee

The company should have a nomination committee, and the general meeting should elect the chairperson and members of the nomination committee and should determine the committee's remuneration.
The nomination committee should be laid down in the company's articles of association.
The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the board of directors and the executive management. At least one member of the nomination committee should not be a member of the corporate assembly, committee of representatives or the board. No more than one member of the nomination committee should be a member of the board of directors, and any such member should not offer himself for re-election. The nomination committee should not include the company's chief executive or any other member of the company's executive management.
The nomination committee's duties are to propose candidates for election to the corporate assembly and the board of directors and to propose the fees to be paid to members of these bodies.
The nomination committee should justify its recommendations.
The company should provide information on the membership of the committee and any deadlines for submitting proposals to the committee.

The Articles of Association provide for a Nomination Committee. The Nomination Committee shall evaluate and recommend candidates for Directors elected by the shareholders as well as Directors' remuneration, both for the Board of Directors and for the Nomination Committee itself. The Nomination Committee shall consider and recommend to the shareholders for resolution at the general meeting on the following matters:

- Candidates for election as members of the Board of Directors and the Chairman of the Board of Directors
- Candidates for election as members of the Nomination Committee and the Chairman of the Committee.
- The proposed remuneration of the Board of Directors and the members of the Nomination Committee.
- Any proposed amendments to the Nomination Committee Charter.

The Committee shall consist of three members elected by the shareholders at the general meeting. The Committee chairperson shall be a member of the Committee and shall be elected by the shareholders at the general meeting.

The Nomination Committee shall consist of three members elected by the shareholders at the general meeting. The Nomination Committee chairperson shall be a member of the Nomination Committee and shall be elected by the shareholders at the general meeting.

The nomination committee's work is based on the Nomination Committee Charter approved by the Annual General Meeting in May 2007.

Composition
The current nomination committee was elected for two years by the ordinary Annual General Meeting on 14. May 2007 and consists of:

- Haakon Skaarer, (chair) CEO Enonic AS, representing Arendals Fossekompani ASA
- Lisbeth Flågeng, Deputy CEO of Helgeland Sparebank
- Gunnar Kluge, consultant

None of which are a member of the Board of Directors.

The Nomination Committee is of the opinion that the composition reflects the common interest of the community of shareholders.

The work of the Committee
The Nominating Committee held 3 meetings in 2008.

Deviation from the Recommendation: None

8. Corporate assembly and board of directors: composition and independence

The composition of the corporate assembly should be determined with a view to ensuring that it represents a broad cross-section of the company's shareholders.
The composition of the board of directors should ensure that the board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the board can function effectively as a collegiate body.
The composition of the board of directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the board should be independent of the company's executive management and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s).
The board of directors should not include representatives of the company's executive management. If the board does include members of the executive management, the company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the board, including the use of board committees to help ensure more independent preparation of matters for discussion by the board, cf. Section 9.
The chairman of the board of directors should be elected by the general meeting so long as the Public Companies Act does not require that the chairman shall be appointed either by the corporate assembly or by the board of directors as a consequence of an agreement that the company shall not have a corporate assembly.
The term of office for members of the board of directors should not be longer than two years at a time.
The annual report should provide information to illustrate the expertise and capacity of the members of the board of directors and identify which members are considered to be independent.
Members of the board of directors should be encouraged to own shares in the company.

Composition of the Board of Directors
The Board of Directors consists of 8 members, and currently has the following composition: Steven Alan Morrell (Chairperson), Anne Breiby (Deputy Chairperson), Thore Michalsen, Thorhild Widvey, Arne L. Økland, Ingvild Andersen, Knut Drange and Kjell Arne Corneliussen. The three latter directors have been elected by and from the employees. Further details of the individual directors can be found on in the Annual Report.

Deviation from the Recommendation: None

9. The work of the board of directors

The board of directors should produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation.
The board of directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.
A deputy chairman should be elected for the purpose of chairing the board in the event that the chairman cannot or should not lead the work of the board.
The board of directors should consider appointing board committees in order to help ensure thorough and independent preparation of matters relating to financial reporting and compensation paid to the members of the executive management. Membership of such sub-committees should be restricted to members of the board who are independent of the company's executive management.
The board of directors should provide details in the annual report of any board committees appointed.
The board of directors should evaluate its performance and expertise annually

Board responsibilities
The Board of Directors has the final responsibility for the organisation of the Company and supervising routine management and business activities. This involves that the Board is responsible for establishing control arrangements to secure that the Company operate in accordance with the adopted value norms and Code of Conduct as well as with the owners' expectations of good corporate governance. The Board of Directors primarily looks after the interests of all the shareholders, but is also responsible for the Company's other shareholders.

The Board's main tasks are to contribute to corporate competitiveness, and to ensure that the Company develops and adds value. Furthermore the Board of Directors shall contribute in the shaping of and in the implementation of the Company's strategy, employ the necessary control functions and in other ways ensure that the Company is well operated and organised. The Board sets the objectives for financial structure and adopts the Company's plans and budgets. Items of major strategic or financial importance for the Company are handled by the Board. The Board hires the CEO, defines his or her work instructions and authority and sets his or her wages. The board produces each year an annual plan for its work as recommended.

Instructions to the Board of Directors
The Board's instructions was approved by the board in a board meeting on 21 September 2006. The instructions cover the following points: Composition of the board, the board's duties, day-to-day management, Board meetings - conveyance and related issues, the Boards decisions, Board minutes, disqualification and conflict of interest, confidentiality obligation, convening general meetings, insider rules and ethical guidelines for conduct of business. The Board of Directors can decide to deviate from instructions in certain cases.

Financial Reporting
The Board of Directors receives regular financial reports on the Company's economic and financial status.

Legal Competence
To ensure that all legal aspects are considered in an adequate manner the Board has asked the Company's legal council to be present in the Board Meetings. Mr. Snorre Haukali of Lawfirm Kluge has been present in all of the Boards meetings in 2007.

The Compensation Committee
The Charter for the compensation committee was approved by the Board in a Board meeting on 21 September, 2006. The Committee's tasks revolve around the CEO's terms of employment and the remuneration of the executive management including wage levels, bonus systems, options schemes, pension schemes, employment contracts etc. The Committee forwards recommendations to the Board of Directors for final approval. Members: Arne L. Økland (Chair) and Thore Michalsen. The chairman of the Board and is generally also participating in the meetings. The Committee had 2 meetings during 2008. The Compensation committee charter is available on www.akvagroup.com.

The Board's self-evaluation
The Board completes a self-evaluation annually in terms of efficiency, competence and the Boards duties in general. The evaluation is made available for the Nomination Committee.

Deviation from the Recommendation: None

10. Risk management and internal control

The board of directors must ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. Internal control and the systems should also encompass the company's corporate values and ethical guidelines.
The board of directors should carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.
The board of directors should provide an account in the annual report of the main features of the company's internal control and risk management systems as they relate to the company's financial reporting

The Board of Directors and internal control
Management regularly presents performance reports that are sent for review of the Board. The quarterly financial statements are subject to review in Board meetings.

The Board's work plan
The Board of Directors has established an annual work plan that includes an annual review of compliance of external and internal laws and regulations, risk and HSE-situation, financial risks and identification of financial risk related to the strategic goals and risk handling. By carrying out the established work plan, the Board controls that the company has sound internal control and systems for risk management for the company's activities, including systems suitable for controlling the compliance with the company's corporate values and ethical guidelines.

Deviation from the Recommendation: None

11. Remuneration of the Board of Directors

The remuneration of the board of directors should reflect the board's responsibility, expertise, time commitment and the complexity of the company's activities.
The remuneration of the board of directors should not be linked to the company's performance. The company should not grant share options to members of its board.
Members of the board of directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the board.
The annual report should provide information on all remuneration paid to each member of the board of directors. Any remuneration in addition to normal directors' fees should be specifically identified.

It is the board's opinion that the size of the remuneration of the Board of Directors is in compliance with the criteria in the recommendation concerning the board's responsibility, expertise etc.
Furthermore, the following goes for the remuneration:

- The remuneration is not linked to the company's performance, and the board members are not granted share – options
- None of the board members and/or companies with which they are associated, have taken on specific assignments for the company in addition to their appointment as a member of the board.

Deviation from the Recommendation: None

12. Remuneration of the executive management

The board of directors is required by law to establish guidelines for the remuneration of the members of the executive management. These guidelines are communicated to the annual general meeting. The guidelines for the remuneration of the executive management should set out the main principles applied in determining the salary and other remuneration of the executive management. The guidelines should help to ensure convergence of the financial interests of the executive management and the shareholders.
Performance-related remuneration of the executive management in the form of share options, bonus programmes or the like should be linked to value creation for shareholders or the company's earnings performance over time. Such arrangements, including share option arrangements, should incentivise performance and be based on quantifiable factors over which the employee in question can have influence.

Guidelines and terms
The Compensation Committee has the responsibility to The Compensation Committee has the responsibility to establish guidelines and recommendations with regards to the remuneration of the CEO and the executive management. Each year the Committee undertakes a thorough review of the remuneration and other salary to the CEO and the executive Management. The review is based upon market sampling of similar positions. The structure and level of the remuneration and incentive system for the CEO and the executive management is determined by the Board of Directors. The fixed remuneration and performance based remuneration including option scheme to the executive management and the Board of Directors is described in the disclosures to the annual accounts.

In accordance with the Public Companies Act, the guidelines are communicated to the annual general meeting.

Deviation from the Recommendation: None

13. Information and communications

The board of directors should establish guidelines for the company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.
The company should publish an overview each year of the dates for major events such as its annual general meeting, publication o interim reports public presentations, dividend payment date if appropriate etc.
All information distributed to the company's shareholders should be published on the company's web site at the same time as it is sent to shareholders.
The board of directors should establish guidelines for the company's contact with shareholders other than through general meetings.

Annual and periodic accounts
The Company normally presents provisional annual accounts in late February. Complete financial statements, the Directors' Report and the annual report is sent to the shareholders and other stakeholders in March/April. Further to this the Company presents its accounts on a quarterly basis. The Financial calendar is published on the Company's website. All shareholders are treated equally as a matter of course.

Other market information
Open investor presentations are conducted in connection with the Company's quarterly reports. The quarterly presentation is also available as webcast and thus widely broadcasted. In the quarterly report the CEO reviews the result for the past period and comments on the development for the various products and market segments. Furthermore the CEO provides a summary of the market outlook and prospects for the near future. The CFO also participates in these presentations. Further to this the CEO and CFO maintains a dialog with and makes presentations to analysts and investors.

The Company considers it essential to keep owners and investors informed about its economic and financial development. Importance is also attached to securing that the same information is released to the whole market at the same time.

Deviation from the Recommendation: None

14. Take-overs

The board of directors should establish guiding principles for how it will act in the event of a take-over bid.
During the course of a take-over process, the board of directors and management of both the party making the offer and the target company have an independent responsibility to help ensure that shareholders in the target company are treated equally, and that the target company's business activities are not disrupted unnecessarily. The board of the target company has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.
The board of directors should not seek to hinder or obstruct take-over bids for the company's activities or shares unless there are particular reasons for this. In the event of a take-over bid for the company's shares, the company's board of directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid.
If an offer is made for a company's shares, the company's board of directors should issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the board finds itself unable to give a recommendation to shareholders on whether or not to accept the offer, it should explain the background for not making such a recommendation. The board's statement on a bid should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The board should consider whether to arrange a valuation from an independent expert. If any member of the board or executive management, or close associates of such individuals, or anyone who has recently held such a position, is either the bidder or has a particular personal interest in the bid, the board should arrange an independent valuation in any case. This shall also apply if the bidder is a major shareholder. Any such valuation should be either appended to the board's statement, be reproduced in the statement or be referred to in the statement.
Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting, except in cases where such decisions are required by law to be decided by the corporate assembly.

The Board of Directors have established guidelines in the event of an offer for all or a substantial majority of the shares in AKVA group ASA is made. The guidelines for such take-over bids are published on the company's web pages.

Deviation from the Recommendation: None

15. Auditor

The auditor should submit the main features of the plan for the audit of the company to the board of directors annually.
The auditor should participate in meetings of the board of directors that deal with the annual accounts. At these meetings the auditor should review any material changes in the company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company.
The auditor should at least once a year present to the board of directors a review of the company's internal control procedures, including identified weaknesses and proposals for improvement.
The board of directors should hold a meeting with the auditor at least once a year at which neither the chief executive nor any other member of the executive management is present.
The board of directors should establish guidelines in respect of the use of the auditor by the company's executive management for services other than the audit. The board should receive annual written confirmation from the auditor that the auditor continues to satisfy the requirements for independence. In addition, the auditor should provide the board with a summary of all services in addition to audit work that have been undertaken for the company.
The board of directors must report the remuneration paid to the auditor at the annual general meeting, including details of the fee paid for audit work and any fees paid for other specific assignments.

An outline of the work planned by the Auditor is presented to the Board of Directors every year. The Auditor is always present during the Boards discussion of the annual accounts. At this meeting the Board is briefed on the annual accounts and any other issues of particular concern to the Auditor. Part of the meeting is also executed without the presence of the CEO or other executive management. The Chairman of the Board also has an annual separate meeting with the Auditor.

Deviation from the Recommendation: None

16. Management and internal procedures

This point is not covered by the Corporate Governance Recommendation

CEO
The CEO is in charge of the routine management of the business, including responsibility for the Company being organised, run and further developed in accordance with legislation, the Articles of Association and decisions taken by the Board of Directors and the Annual General Meeting.

Executive Management
The executive management consists of 6 individuals. In addition to the Chief Executive Officer, the executive management consists of the Chief Financial Officer, The Chief Marketing Officer, The Chief Operating Officer, the General Manager for Chilean operations and the General Manager for the North American Operations. Further to this the Company has established a Technology and Product Development Council headed by the COO and a IT steering committee headed by the CFO. The Company has a business development team reporting to the CEO.

The Corporate Managers meet monthly with a fixed agenda in addition to day to day contact on an operational basis and number of other scheduled meetings and business reviews through the year.

Evaluations
Corporate Management evaluates its own work and working methods annually. The evaluation is submitted to the Boards Compensation Committee, and a condensed version of this is presented to the Board of Directors.

Intra-group Boards
The group's subsidiaries have their own Board of Directors, staffed by in-house managers.

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